



## Disclosure of Policies and Procedures to Clients

LGT Capital Markets Private Limited

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This document is issued pursuant to LGT Capital Markets Private Limited (the “LGT CAPITAL” or “Company” or “Member” or “Stock Broker”) registration with Securities and Exchange Board of India (SEBI) as a stock broker with National Stock Exchange of India Limited (for Cash and F&O segment), BSE Limited (for Cash segment) (collectively and / or individually referred as “Exchange”) (Disclosures pursuant to SEBI Circular bearing Reference No. MIRSTD/SE/CIR-19/2009 dated 3- 12-2009)

The underlying document outlines various policies and procedures the Company has framed with respect to its dealing with clients for capital market transactions to ensure transparency and facilitate understanding of various aspects related to service delivery.

Kindly note that the stated policies and procedures are subject to change from time to time, depending upon our internal risk management framework, market and external environment and will be updated on the LGT CAPITAL website.

## **1. Policy for Penny Stock / Securities**

### **REFUSAL OF ORDER(S) FROM THE CLIENTS INCLUDING FOR PENNY STOCKS:**

LGT Capital Market Private Limited offers trading in most of the stocks / contracts which are listed or permitted for trading by the Stock Exchanges. However, LGT capital discourages/restricts trading in penny stocks by the clients as they are susceptible to manipulation and risky for investors and in turn to LGT capital.

#### **“Penny Stocks” for this purpose shall include:**

- Stocks appearing in the list of illiquid securities including stocks appearing in GSM and ASM List issued by the Exchanges from time to time.
- Scrips having large bid-ask spreads, low market capitalization due to unsound fundamentals and 'Z' Group Securities which have high chances of manipulations.
- Any securities as may be restricted for trading by Exchanges.
- Any other securities which do not meet LGT CAPITAL internal risk and surveillance criteria or which as per LGT CAPITAL perception are volatile or subject to market manipulation or have concentration risk at client level or at the company level are not permitted for trading.

As a part of internal Risk Management, LGT CAPITAL may allow clients to buy/ sell in penny stocks only on the basis of 100% upfront margin and on delivery basis and/or with some other criteria from time to time. Further, LGT CAPITAL have/may have in place other restrictions in terms of quantity/ value in each/all penny stocks together as notified from time to time.

Further in case of Internet/ Mobile Trading clients, LGT CAPITAL may at any time at its sole discretion block/restrict the client's online trading terminal to prevent the client from placing orders in above penny stocks through the Online Trading Platform of LGT CAPITAL. It may also happen that client acquires penny stocks through our Online Trading system or otherwise, however these get blocked at the time of selling those penny stocks. LGT CAPITAL shall not be held liable/responsible for restricting/ prohibiting trade in penny stocks at any time. The client agrees that the losses, if any on account of such refusal or due to delay caused by such limits, shall be borne exclusively by the client alone.

In addition to Penny stocks, LGT CAPITAL may at any time, at its sole discretion and without any prior notice, deactivate scrips from trading that do not meet LGT CAPITAL's internal risk and/or surveillance criteria, thereby restricting the client's ability to trade in the scrip(s). LGT CAPITAL may refuse any order or transactions in respect of certain securities or segments which may be below/ above certain value/quantity as may be decided by LGT CAPITAL from time to time without assigning any reasons. LGT CAPITAL will not be held responsible for any losses arising due to deactivation of the scrip / refusal or delay in providing limit.

## **2. Setting up client's exposure limits**

As part of risk management, LGT Capital Markets Private Limited (“LGT CAPITAL”) shall set client's exposure limits depending

on the type of approved securities provided as Margin Pledge in terms of SEBI/Exchanges Circulars / available funds in the client's ledger plus Fixed Deposits/ Bank Guarantees provided by the client (if permitted as per internal Risk Management) and the client profile/ financial status.

Exposure limits are also set based on categories of clients/stocks/position (derivatives) client can trade. Securities that are acceptable as margin, their categorization and applicable haircut may be changed by LGT CAPITAL from time to time at its sole discretion depending upon the internal risk management and/or surveillance criteria. LGT CAPITAL may from time to time change the applicable haircut or apply a haircut higher than that specified by the Regulators/Exchanges on the approved list of securities as part of its Risk Management.

Further client categorization/profiling may also be changed based on various factors including trading pattern of clients, financial status of client etc.

Subject to the client's exposure limits, client may trade in securities and/ or take positions in the futures and options segment. Client shall abide by the exposure limits, if any, set by LGT CAPITAL, the Exchange, Clearing Corporation and SEBI from time to time. Limits/ Exposure provided shall vary based on the intraday/ delivery/ carry forward positions made by the client. The exposure limits set by LGT CAPITAL does not by itself create any right for the client and are liable to be withdrawn at any time without notice and the client shall bear the loss on account of withdrawal of such limits. The client agrees to compensate LGT CAPITAL in the event of LGT CAPITAL suffering any loss, harm or injury on account of exposure given and/or withdrawn. In case of sale of Securities, such sale may at the discretion of LGT CAPITAL be provided only to the extent of the availability of securities in the demat account of the client. Further the credit received against sale may be used for further exposure as may be decided by LGT CAPITAL from time to time after taking in account Clearing Corporations and Exchanges Circulars issued from time to time.

In case of derivatives, clients shall be allowed to trade only up to the applicable client wise position limits set by the Clearing Corporations/Exchanges from time to time. LGT CAPITAL may from time-to-time demand additional margin from the client in the form of funds or securities and the client shall be required to provide the same. LGT CAPITAL have a margin-based Risk Management system. Client Exposure Limits are set based on collateral and funds deposited by the client in their respective Trading accounts. LGT CAPITAL is entitled to include/appropriate any/all pay out of funds &/or securities towards margin/security without requiring specific authorizations for each payout. LGT CAPITAL is entitled to transfer funds &/or securities from client account for one exchange/clearing corporation &/or one segment of the exchange/clearing corporation to his/her/its account for another exchange/clearing corporation &/or another segment of the same exchange/clearing corporation whenever applicable and found necessary by LGT CAPITAL. LGT CAPITAL may at its discretion deposit client margin money in fixed deposits with Banks. Interest received on such fixed deposits shall not be passed to the client.

### **3. Policy on Brokerage Rate and Other Charges**

- The brokerage charge to the clients will not be more than the maximum brokerage permissible as per the rules, regulations and bye-laws of the relevant Exchange / SEBI.
- In consideration of providing broking and allied services, the client agrees to pay to LGT Capital, brokerage and statutory levies as are prevailing from time to time and as they apply to the client's account, transactions and to the services that LGT Capital renders to the client.
- The brokerage and other charges (if any) shall be communicated to the client at the time of registration and any variation thereon would be duly advised / mutually agreed from time to time.
- The client shall also be liable to pay Goods & Service Tax (GST), Stamp Duty, Securities Transaction Tax, any statutory tax as applicable from time to time in addition to brokerage charge as agreed and or communicated to the client.
- The client also agrees to pay LGT CAPITAL for added services/facilities/ features as they may apply to his account, and which will be communicated to the client.

#### **4. Imposition of penalty & delayed payment charges**

The Client shall pay to LGT CAPITAL brokerage, commission, fees, account opening/ maintenance charges, charges for availing special facility(as provided or shall be provided by LGT CAPITAL) for mobile broking /SMS facility or any other charges as may be applicable and mutually agreed and or communicated to the client, inter settlement charges, auction charges, penalties levied by the exchanges for client limit violation, charges for dishonor of cheque(s) given by the client, statutory levies, GST , and other taxes and trade/transaction expenses including inter alia depository charges, settlement charges etc. as are applicable from time to time. If the Client fails to make or some payment of the amount due within the time frame specified by the Bye-laws, Rules and Regulations of the Exchange and/or as per the policy of LGT CAPITAL, LGT CAPITAL shall be entitled to levy such charges by way of penalty or delayed payment charges not exceeding 24% per annum (or such other rate as may be decided from time to time by LGT CAPITAL at its own discretion without any notice to the clients on amount due as LGT CAPITAL may deem fit to deter them from delaying the payment in future. The Client authorizes LGT CAPITAL to directly debit the charges to the Client trading account and to set off a part or whole of the collateral/ ledger balances i.e. by way of appropriation of the relevant amount of cash or by way of sell or transfer of all or some of the securities, without notice, or invoke the pledged shares placed as margin/ collateral with LGT Capital, and/ or any credit in any account of the Client in any of the segment of the Stock Exchange, against the outstanding/dues, to the extent of settlement / margin obligation in the account of the Client for any segment of the Stock Exchanges. The adjustment, so done, shall be by way of a passing necessary journal voucher entries.

Where LGT CAPITAL has accepted the securities with appropriate haircut for margin purpose from the client but has to deploy its own funds for meeting Cash portion of margin requirement of the client at the Exchange/Clearing Corporation, LGT CAPITAL may levy delayed payment charges on such short in cash margin portion at such a rate not exceeding 24% per annum. This rate may subject to change and 30 days prior notice will be given for such change.

Further, where LGT CAPITAL has to pay any fine/penalty or bear any punishment from any authority in connection with/a consequence of/in relation to any of the orders/trades/deals/actions of the client, the same shall be recovered from the client.

LGT CAPITAL shall not be liable to make payment of any interest on the credit balance, if any, lying in the client's ledger, margin account, deposit including Fixed Deposit, Overnight Mutual funds (OMF) etc. with LGT CAPITAL. LGT CAPITAL may seek from the client to pay brokerage, commission, fees, all taxes, duties, levies imposed by any authority including but not limited to the stock exchanges (including any amount due on account of reassessment/backlogs etc.), transaction expenses, incidental expenses such as postage, courier, Call Centre access charges etc. as they apply from time to time to the client's account/transactions/services that the client avails from LGT CAPITAL.

#### **5. Liquidation Policy:**

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.

LGT CAPITAL offers different products and services to its clients, and which may be customized as needed as per the trading preference and investment pattern of the client. It will be the sole responsibility of the client to timely square-off/close/ convert the position in products having specified time frame. LGT CAPITAL shall have the rights to square off the position of the Client (Including the right to refer the matter to arbitration) with no obligation of communicating the same to the Client, for non-payment of margins or other amounts, including the pay in obligations, outstanding debts etc. and adjust the proceeds of such liquidation/close out, if any, against the clients liabilities/obligations. LGT CAPITAL reserves the right to decide the order price keeping in view of the size of the order and the depth of the market.

If the client does not square off his open Intraday positions before the time frame as specified by LGT CAPITAL from time to time or the client does not convert the open positions to delivery, LGT CAPITAL shall attempt to square off/close out the open positions on the same day before closure of the market on best effort basis. On the days of market volatility or when

there are system issues, LGT CAPITAL shall have the right to change/modify the timings of square off by either preponing or postponing the same. Further, whenever any price of stock or underlying contract breaches the internally prescribed percentage change, LGT CAPITAL may at its discretion square off the existing open positions in the Intraday Margin segment(s) without giving any prior notice to the customers. However, LGT CAPITAL does not guarantee square off of open positions. Clients solely are responsible for profit/loss from open positions.

In case of Intraday Derivative positions, LGT CAPITAL shall attempt to square off/close the open positions on the same day or in case of any difficulties/issues, on the next trading day. LGT CAPITAL does not guarantee square off of such open positions. Clients are solely responsible for profit/losses arising out of such positions.

The Client accepts to comply with LGT CAPITAL requirement of payment of Margin/settlement obligations of the Client, immediately failing which LGT CAPITAL may sell, dispose, transfer or deal in any other manner the securities already placed with it as Margin/lying in the Client Unpaid Securities Account ("CUSA") or cancel pending orders and/or square-off all or some of the outstanding margin/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. LGT CAPITAL shall be fully indemnified and held harmless by the Client in this behalf at all times.

The client shall ensure timely availability of funds/securities for meeting his/her/its pay in obligation of funds and securities. If the client fails to maintain or provide the required margin/fund/security or to meet the funds/margins/securities pay in obligations for the orders / trades/deals of the client within the prescribed time and form, LGT CAPITAL shall have the right without any further notice or communication to the client to take any one or more of the following steps:

- To withhold any payout of funds / securities.
- To withhold / disable the trading / dealing facility to the client.
- To liquidate one or more security(s) of the client by selling the same in such manner and at such rate which the LGT CAPITAL may deem fit in its absolute discretion. It is agreed and understood by the client that securities here include securities which are pending delivery/ receipt.
- To liquidate/square off partially or fully the position of sale &/or purchase in any one or more securities/contracts in such manner and at such rate which the LGT CAPITAL may decide in its absolute discretion.
- To take any other steps which in the given circumstances, the LGT CAPITAL may deem fit.

The client agrees that the loss(s) if any, on account of any one or more steps as enumerated herein above being taken by LGT CAPITAL, shall be borne exclusively by the client alone which are chosen by LGT CAPITAL.

In exercise of LGT CAPITAL's right to sell securities, the choice of specific securities to be sold and/or orders to be cancelled shall be solely at LGT CAPITAL's discretion. The resultant or associated losses that may occur due to such squaring -off or sale of such securities shall be borne by the Client. Such liquidation or close out of positions shall apply to any segment/exchange in which the Client does business with LGT CAPITAL.

The client has to maintain applicable margin all the time i.e. till positions are open. LGT CAPITAL reserves the right to change/modify the margin requirements at any point of time and if the client fails to meet the margin requirements, LGT CAPITAL has the discretion to square off the open positions to cover the margin shortfall (including MTM losses). LGT CAPITAL may decide at its sole discretion to exercise or not to exercise the rights to square off the positions, which are failing to meet the margin requirements. Further, the client has been provided with tool/web page on the trading website/Mobile application through which he can ascertain details of his open positions, amount of margin blocked, margins required, MTM loss, margin percentage etc. The MTM losses and margin requirement displayed on these web/mobile pages will be considered as demand for the additional margin required by LGT CAPITAL. LGT CAPITAL may not inform each and every client (one to one) regarding the margin requirements/additional margin top up calls/margin availability before squaring off the open positions. Clients are responsible/ bound to monitor and review their open positions and margin requirements all the times and furnish the additional margin before the positions are squared off by LGT CAPITAL.

When there is breach/change in shares/underlying scrips specific to market wide position limit (MWPL) as specified by Exchanges, client will not be permitted to take fresh positions in that share/underlying but he can square off his existing open positions only. In case any of the positions limits (client level, Trading Member level or market level) are breached, LGT CAPITAL may initiate square off.

#### **6. Shortages in obligations arising out of internal netting of trades:**

The following outlines the treatment of shortages arising from settlement failures, both at the exchange level and internally within LGT CAPITAL:

##### **1) Short Delivery to the Exchange (Broker Level)**

- In cases where a client fails to deliver securities to the Exchange, settlement occurs as per the Exchange's auction or close-out mechanism.
- Any auction or close-out debit received from the Exchange will be passed on to the defaulting client, i.e., the client who failed to meet the sell/delivery obligation.

##### **2) Internal Shortage at the Broker Level**

This refers to a client-to-Client shortage within LGT CAPITAL, where delivery obligations are not met internally due to shortfalls from one client.

##### **a) For the Buyer Client (Receiving Short Delivery):**

- LGT CAPITAL will participate in Self-Auction conducted by the Exchange.
  - If the Self-Auction bid is successful, the buyer client will receive the shares through the auction settlement.
  - If LGT CAPITAL does not participate in the auction or the bid is unsuccessful, a close-out will be processed in the client ledger using the following price valuation:
  - Close-out Price = shall be at the highest price prevailing across the Exchanges from the day of trading till the auction day or 20% above the closing price on the auction day, whichever is higher.

##### **b) For the Defaulting Seller Client:**

- A provisional auction debit will be applied (with mark-up as per LGT capital discretion), calculated as:
  - Quantity short delivered × Actual Trade Price + (mark-up)
- If the Self-Auction is successful:
  - The debit will be recalculated as:
  - Quantity short delivered × Self-Auction Price
- If the Self-Auction is not conducted:
  - The debit stands as per the close-out price mentioned above.
- The buyer client will be credited with the same amount debited to the defaulting seller client.

##### **3. General Provisions**

- All losses incurred due to the above mechanisms will be borne solely by the respective client.
- LGT CAPITAL shall not be held responsible for any such losses or liabilities.
- Clients agree to indemnify LGT CAPITAL against any claims or disputes arising from such shortages.
- Securities involved in corporate actions will be settled on a cum basis in favor of the buyer.
- No separate communication or notification will be issued regarding the above.

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

LGT CAPITAL has a margin-based risk management policy. The client may take exposure up to the amount of margin available

with LGT CAPITAL. The client may not be allowed to take position in case of non-availability/shortage of margin as per the risk policy of LGT CAPITAL. The existing position of the client is also liable to be squared off/closed-out without giving notice due to shortage of margin / non- payment for their pay-in obligation /outstanding debts.

Further, under various circumstances outlined in the Liquidation Policy section of the document, the Client may not be permitted to take any fresh or further position until the full clearance of earlier dues, obligation, outstanding etc. It would be the duty of the client to monitor its position with LGT CAPITAL from time to time.

In addition to the conditions as provided under the policy of right to sell securities and close out client's open position as detailed above, LGT CAPITAL shall have the right to refuse to execute trades/ allow the client to take further positions and/ or close out the existing positions of client under following circumstances:

- As a result of any Regulatory directive/ restriction.
- Non-receipt of funds/ securities and/ or bouncing of cheque received from the client towards the obligation's/margin/ ledger balances.
- Due to technical reasons.
- Securities breaching the limits specified by the Exchanges/ regulators from time to time.
- In case of failure to meet margin including mark to market margins by the client.
- Any other conditions as may be specified by LGT CAPITAL from time to time in view of market conditions, regulatory policies and risk management system.
- Due to any force majeure event beyond the control, LGT CAPITAL shall not be responsible for any loss incurred and client shall indemnify LGT CAPITAL in this regard.
- The client has committed a crime/fraud or has acted in contradiction of this terms and conditions or is likely to evade rules, regulations, directions of a lawful authority whether Indian or foreign or if the LGT CAPITAL so apprehends.

All losses to the client on the above shall be borne solely by the client and LGT CAPITAL shall not be accountable for the same, the client shall indemnify LGT CAPITAL in this regard.

#### **8. Temporarily suspending or closure of accounts:**

Client may request LGT CAPITAL by giving 7 days prior notice to suspend his account on a temporary basis. LGT CAPITAL may suspend client account if LGT CAPITAL notice any abnormal or suspicious activity in his trading account through its monitoring and surveillance system. LGT CAPITAL may also at any time, suspend or close the client account due to any action from the Regulator. LGT CAPITAL may initiate closure of account by giving 30 days written prior notice. Further, LGT CAPITAL can also withhold the payout of funds/securities based on the surveillance action or judicial or and regulatory order/action requiring the client's suspension.

All losses to the client on the above shall be borne solely by the client and LGT CAPITAL shall not be accountable for the same, the client shall indemnify LGT CAPITAL in this regard.

#### **9. Deregistering a client:**

LGT CAPITAL shall be entitled to close a client's trading account and terminate the relationship under the rights and obligations prescribed by SEBI without giving any reasons to the client, after giving formal notice in writing of not less than one month to the client. The account shall be deemed to have been closed with effect from 30th day from the date of receipt of such termination notice by the client. Notwithstanding any such termination, all rights, liabilities and obligations of both the client and LGT CAPITAL, arising out of or in respect of transactions entered into prior to the termination shall continue to subsist and vest in/be binding on both the client and the Member.

Notwithstanding anything to the contrary stated above, LGT CAPITAL shall be entitled to terminate the relationship under the rights and obligations prescribed by SEBI with immediate effect in any of the following circumstances:

- SEBI or any other regulatory body has passed an order against such client, prohibiting or suspending such client from participating in the securities market
- Such client's name appears in the UN list of prohibited entities or in the SEBI debarred list.
- Such a client's account has been lying dormant for a long time, or the client is not traceable.
- If the actions of the client are prima facie illegal / improper/ suspicious 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.
- If there is any commencement of a legal process against the client under any law in force or the client is banned from accessing financial markets by any regulator or any such adverse order is passed against the client.
- On the death/lunacy or other disability of the client; If the client being a partnership firm, has any steps taken by the client and/or its partners for dissolution of the partnership.
- If the client being a company, goes into liquidation or has a receiver appointed in respect of its assets or refers itself to the Board of Industrial and Financial Reconstruction or under any other law providing protection as a relief undertaking.
- The Client has misrepresented facts at the time of entering into this relationship or at the time of giving instructions or otherwise.
- If the Client migrates to a jurisdiction which prohibits trading in Indian securities. If the client suffers any adverse material change in his/her/its financial position or defaults with LGT CAPITAL.
- If there is reasonable 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, If the client is in breach of any term and conditions.
- If the client has made any material misrepresentation of facts or if any covenant or warranty of the client is incorrect or untrue in any material respect.

#### **10. Dormant/Inactive Client account**

- LGT Capital Markets Private Limited identifies client codes/ trading accounts that are inoperative for a minimum period of preceding 24 months i.e. no trades have been carried out since the last 24 months across all Exchanges.

The term inactive account refers to such an account wherein any of below mentioned activities have not been carried out by the client for the last 24 (Twenty-Four) months:

- Trading or participation in through the Member, with respect to OFS/buy-back/Open Offer across any of the exchanges/segments of the exchanges through the same Member
- Cash/Equity Derivative/ Currency Derivative/ Commodities Derivative/EGR /Debt/Online Bond Platform/ Execution Only Platform /Any other segment as may be allowed by SEBI/stock exchanges from time to time.
- Transaction in nature of applying/subscribing IPOs (where the IPO bid is successful & not cancelled)/SGBs/Mutual Funds (lumpsum investment or investments through successful SIP instalment payments) on the Mutual Fund platform of the stock exchanges through the same Member
- Modification/updation of e-mail Id/Mobile Number/Address in KYC record of client through the same Member and the same has been uploaded to KRA to ensure Validated/Registered status.

Accordingly, such trading accounts are made inactive in the trading System and the client is informed about the status of his trading account maintained with LGT CAPITAL via email/letter/SMS or by way of any other mode. Such trading Accounts shall also be marked "inactive / dormant" in UCC database of Exchanges as well where such clients' details are updated.

For re-activation of such trading account, the client shall be required to submit all necessary information / documents with regard to updation of his / their KYC details.

As per regulations, it is required to undertake the fresh documentation, due diligence and In-person verification (IPV) where a client is coming for reactivation being flagged as "inactive". LGT CAPITAL shall, while reactivating the client, ensure that the basic details of such client like Address, Mobile number, Email ID, Bank/DP account are updated in records. In case of any



changes, necessary documents shall be collected.

LGT CAPITAL upon verifying / carrying out due diligence at its end may activate clients trading code in the Trading System.

Upon reactivation, the client is informed about the status of his trading account via email/letter/SMS or by way of any other mode.

#### **11. Third party funds and securities**

In accordance with SEBI circular dated August 27, 2003, LGT Capital requires all its clients to make pay-in of funds and securities from the account held in their name mapped to the trading /demat account towards their settlement and margin obligations. Similarly, payout of funds will only be made in client's name, and securities will be transferred only to Client's demat account registered with LGT Capital. Receipt/payments of funds/securities will be accepted/given only from/to the details mapped to the trading and demat accounts.

Payment made from any other account (other than mapped with LGT Capital) will be treated as "third party". In no circumstance, third party funds and securities will be accepted towards settlement and/or margin obligation. In case, LGT Capital observes that payment of funds or securities towards pay-in/margin obligation has been met from third party account, LGT Capital reserves right not to give credit of funds/securities to client/ park it in separate suspense account / reverse the credit given and/or return the same to the source account from where funds/securities were received, if identified. The client will be solely liable on account of any shortfall in meeting pay in/margin obligation in this regard.

#### **12. Dealing in Cash**

LGT Capital does not deal in cash with clients/Referrer/Authorised Persons. In case clients directly deposit cash in LGT Capital designated client bank account, then LGT Capital will not give credit of the same to client's trading account. As soon as client provides appropriate proof of cash deposit, LGT Capital will refund such amount to the Client. Clients are hereby advised that they should not deposit any cash directly in bank accounts of LGT Capital and/or should not deal in cash with any official/Referrer/ authorised person of LGT Capital.

LGT Capital shall be entitled to change or alter this Policy or any part thereof, without giving any reason thereof to the Client. Notwithstanding any such change or alteration all rights, liabilities and obligations of the parties arising out of or in respect of transactions entered into prior to such change or alteration shall continue to subsist and vest in / be binding on the respective heirs, executors, administrators, legal representative or successors, as the case may be. Notice of such alteration may be provided by LGT Capital by updating the same on the website. The Client is bound by such online changes or alterations in the Policies & Procedures of LGT Capital.

#### **13. Declaration about Proprietary trading.**

The Client is informed that LGT Capital will not do Proprietary trading.

#### **14. ANTI MONEY LAUNDERING AWARENESS - EDUCATING CLIENTS ABOUT AML PROVISIONS**

**This is must read/ understood and to be complied by everybody dealing/ desirous in dealing in Capital and / or Derivatives (including Currency Derivative)**

- 1)** Prevention of Money Laundering Act, 2002 (PMLA) is enacted to prevent the financing of terrorism and to prevent laundering of money i.e. to prevent legalizing or officializing or canalizing the money generated from illegal activities like drug trafficking, organized crimes, hawala rackets and other serious crimes etc.
- 2)** PMLA is a part of the Global measures being taken by all the countries under the initiatives of United Nations.
- 3)** It is an obligation of individual/entities to whom PMLA is applicable, to report certain kinds of transactions routed through them to Financial Intelligence Unit (FIU), a department specially set up to administer PMLA under the Ministry of Finance.
- 4)** PMLA is, inter-alia, applicable to various intermediaries which includes stock brokers, commodity brokers, sub-brokers, authorised person and depository participant etc.

**5)** As per PMLA the following type of transaction are to be reported to FIU: -

(A). All cash transactions of the value of more than ₹. 10 Lacs or its equivalent in foreign currency. (B). All series of cash transactions integrally connected to each other which have been valued below ₹. 10 Lacs or its equivalent in foreign currency where such series of transactions takes place within one calendar month and the monthly aggregate exceeds the amount of ten lakh rupees or its equivalent in foreign currency; (C). All suspicious transactions whether or not made in cash and including, inter-alia, credits or debits into any non-monetary accounts such as demat account, security account maintained by the registered intermediary. (D) all cash transactions where forged or counterfeit currency notes or bank notes have been used as genuine or where any forgery of a valuable security or a document has taken place facilitating the transactions.

**6)** Any such above transaction(s), though not executed but attempted and failed are also required to be reported

**7)** The suspicious transaction(s) can be related to the transaction(s) under the circumstances such as: -

(A). Client(s) whose identity verification seems difficult or client(s) that appear not to co-operate; (B). Asset management services for client(s) where the source of the funds is not clear or not in keeping with client(s) apparent standing /business activity; (C). Client(s) based in high-risk jurisdictions; (D). Substantial increases in business without apparent cause; (E). Client(s) transferring large sum of money to or from overseas locations with instructions for payment in cash; (F). Attempted transfer of investment proceeds to apparently unrelated third parties; (G). Businesses undertaken by offshore banks/financial services; (H). Businesses reported to be in the nature of export/import of small items; (I). Unusual transactions by Clients of Special Categories (CSCs).

**8)** Clients of Special Categories (CSCs) includes: -

(A). Non-resident client; (B). High net-worth client (having networth of more than ₹. 250 Crores); (C). Trust, Charities NGOs and organizations receiving donations; (D). Company having close family shareholdings or beneficial ownership; (E). Civil Servant or family member or close relative of civil servant; (F). Bureaucrat or family member or close relative of bureaucrat; (G). Current or Former MP or MLA or MLC or their family member or close relative; (H). Politicians (PEP) or their family members or close relative; (I). Current or Former Head of State or of Governments or their family member or close relative; (J). Senior government/judicial/ military officers or their family member or close relative; (K). Senior executives of state-owned corporations or their family members or close relative; (L). Companies offering foreign exchange offerings; (M) Clients in High-risk countries (FATF). (N) Non-face to face clients. (O) Clients with Dubious reputation as per public information available. (P) Clients involved in businesses like casinos, gambling, jewelry. (Q) Clients dealing in weapons, arms and ammunitions, arts and antiques. (R) Tobacco Traders. (S) Real Estate agents and developers that sell, market or advise unless they are subject to AML/CFT regulations in high-risk countries. (T) Professional dealing in high value goods (e.g. luxury car and yacht dealers, antiques, cultural objects and art dealers/brokers, auction houses, etc). (U) Cash intensive business (e.g. pawn brokers, used car dealers, etc). (V) Fintech's related to payment services and payment service providers licensed in high-risk countries. (W) Commission agents (e.g. arranging deals on commission, middlemen, enablers, deal advisors, sports agents, etc). (X) Digital currency providers or similar (e.g. pre-paid cards), Virtual currencies services and financial intermediaries offering virtual currencies related products. (Y) Publicly financed Infrastructure and public procurement. (Z) Extractive industries i.e. Industries that recover raw materials from earth, process them and turn them into products and services for use by consumers.

Persons who qualify as one of the following (account owner or beneficial owner only):

- a) Regulated banks, brokers and EAM/FIM
- b) State-owned entities (SOE ≥ 25% direct or indirect state ownership, central banks, sovereign wealth funds, etc.)
- c) International Sports Organizations.
- d) Operating entities (incl. domiciliary companies with commercial activities) booked outside of specialized desk for these clients (when account is used for commercial transactions).

**9)** While opening the new account all the prescribed procedures of KYC and Client Identifications should strictly be followed in the context of ensuring the compliance under PMLA.

**10)** All the record of transaction(s) and client identifications must be preserved in a manner which can be retrieved promptly and reported to the authorities in the specified format as and when required.

**11)** The Clients are advised to be fully conversant with the provisions of PMLA and any amendments thereto from time to time and to co-operate with intermediaries by providing the additional information(s)/document(s), if asked for, to ensure the compliance requirements under PMLA.

**12)** The Clients are advised to provide certain information which may be of personal nature or has hitherto never been called for such information can include documents evidencing sources of funds/income tax returns/bank records etc. You are advised to co-operate with LGT CAPITAL whenever such information is sought for from PMLA perspective.

**13)** The Clients are advised to be vigilant and to refrain from the temptation of easy monetary gains, by knowingly or

unknowingly supporting the people who are involved in the activities which are endangering freedom and causing damage to the nation. The Clients are supposed to provide their active co-operation in the due compliance of the law.

**14)** Please visit the website of Financial Intelligence Unit ([www.fiuindia.gov.in](http://www.fiuindia.gov.in)) and Securities and Exchange Board of India ([www.sebi.gov.in](http://www.sebi.gov.in)) for any further information on the subject.