SMK SHARES AND STOCK BROKING PVT. LTD.

Member : Bombay Stock Exchange Ltd., Clearing No.: 777
Member : National Stock Exchange of India Ltd., Clearing No.: 09860

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SMK SHARES AND STOCK BROKING PVT. LTD.

MANDATORY

INTERNAL CONTROL POLICY

By SMK Shares and Stock Broking Private limited

10th June 2025 Reviewed 15th Dec 2025

POLICIES AND PROCEDURES APPLICABLE TO CLIENTS OF SMK SHARES AND STOCK BROKING PVT.LTD.

1. REFUSAL OF ORDERS FOR PENNY STOCKS

SMK SHARES AND STOCK BROKING PVT.LTD. normally offers trading facility to its clients in all the compulsorily dematerialised stocks which are listed on the Stock Exchanges. However SMK SHARES AND STOCK BROKING PVT.LTD. discourages / restricts trading in penny stocks by the clients as they are susceptible to manipulation and risky for investors and in turn to SMK SHARES AND STOCK BROKING PVT.LTD.. "Penny Stocks" for this purpose shall include:

a. Stocks appearing in the list of illiquid securities issued by the Exchanges from time to time.
b. Stocks which are highly illiquid and have a low market capitalization and 'Z' Group Securities.
c. Any securities as may be restricted for trading by Exchanges.
d. Any other securities as may be restricted for trading by SMK SHARES AND STOCK BROKING PVT.LTD. based on its internal evaluation.

As a part of Risk Management System, SMK SHARES AND STOCK BROKING PVT.LTD. restricts clients to buy / sell in penny stocks only on the basis of 100% upfront margin and on delivery basis. Also the trading in penny stocks may be permitted only upto quantity / value together as notified by its extant circulars.

SMK SHARES AND STOCK BROKING PVT.LTD. doesnot provide any online platform for punching orders /trades directly by clients

SMK SHARES AND STOCK BROKING PVT.LTD. shall not be held liable for restricting / prohibiting trade in penny stocks at any time. Further SMK SHARES AND STOCK BROKING PVT.LTD. shall not be held liable or responsible in any manner whatsoever for any refusal/cancellation of orders for trading in penny stocks/other securities and the Client shall indemnify SMK SHARES AND STOCK BROKING PVT.LTD. in respect of any loss caused to SMK SHARES AND STOCK BROKING PVT.LTD. by virtue of the Client trading in penny stocks.

2. RETAIL CLIENT OPERATIONS

SMK SHARES AND STOCK BROKING PVT.LTD. is purely Pro in cash Segment
SMK SHARES AND STOCK BROKING PVT.LTD. is only into Institional and Prop in case Segment.

Control policy in case of Clientle business:
Client account is opened and handled by our client service desk. Client is explained all the information about the company and its policies. Dual Care is taken while opening the account and proper due diligence of the documents are done by the risk management persons of the organization. Proper care is taken to see that no associate of SMK SHARES AND STOCK BROKING PVT.LTD. will follow any marketing malpractices to capture client by any false statements and over commitments which are not in the policy of the company. As part of risk management, SMK SHARES AND STOCK BROKING PVT.LTD. shall set client's exposure limits depending on the type of securities provided as Margin / available funds in the client's ledger plus Fixed Deposits / Bank Guarantees provided by the client and the client profile/ financial status. Exposure limits are also set based on categories of stocks / position (derivatives) client can trade. Securities that are acceptable as margin and their categorization may be changed by SMK SHARES AND STOCK BROKING PVT.LTD. from time to time at its sole discretion. Further client categorization may also be changed based on various factors including trading pattern of clients, profile / residential status / financial status of client.

SMK SHARES AND STOCK BROKING PVT.LTD. from time to time shall apply such haircuts as may be decided by SMK SHARES AND STOCK BROKING PVT.LTD. on the approved securities against which the Exposure limits are given to the client. SMK SHARES AND STOCK BROKING PVT.LTD. may from time to time change the applicable hair cut or apply a haircut higher than that specified by the Regulators/Exchanges as part of its Risk Management System.

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 SMK SHARES AND STOCK BROKING PVT.LTD. or by the Exchange or Clearing Corporation or 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 SMK SHARES AND STOCK BROKING PVT.LTD. 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 SMK SHARES AND STOCK BROKING PVT.LTD. in the event of SMK SHARES AND STOCK BROKING PVT.LTD. 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 SMK SHARES AND STOCK BROKING PVT.LTD. be provided only to the extent of the availability of securities in the account of the client (DP free Stock, DP lien/hold marked securities, beneficiary and collateral stock). Further the credit received against sale may be used for exposure as may be decided by SMK SHARES AND STOCK BROKING PVT.LTD. from time to time.

In case of derivatives, Clients shall be allowed to trade only upto the applicable client wise position limits set by the Exchanges/Regulators from time to time. SMK SHARES AND STOCK BROKING PVT.LTD. may from time to time demand additional margin from the client in the form of funds or securities if there is a requirement for the same and the client shall be required to provide the same.

SMK SHARES AND STOCK BROKING PVT.LTD. will execute the order of the clients only if the order is received directly from the authorized person who has authorization of operating the account. SMK SHARES AND STOCK BROKING PVT.LTD. will not be liable for non execution of the trade if the trade is given by third party who is not authorized for to operate that account. SMK SHARES AND STOCK BROKING PVT.LTD. will confirm the trade upon the execution of the same and in case of non execution or part execution the same will be informed to the client at the end of the trading session. The contract notes to the client well be send through post or couriers and proper care will be taken to see that client receives his contract note in prescribed time limit. The debit and credit balance of the client will be informed to him on daily billing basis and quarterly statement will be send to all the clients by the back office operation of the SMK SHARES AND STOCK BROKING PVT.LTD..

SMK SHARES AND STOCK BROKING PVT.LTD. will make the pay in of the funds to the clients on NEFT/RTGS/Cheques system on running basis and will make balances to zero on quarterly basis with all the clients. Also the Client have to make there pay in of the funds on or before settlement basis on routine and has to clear the debit balance when ever the exposure limit given by Risk Management Team gets evaporated limit. The risk management team will monitor the debit balance every day and will give the indication to the client whenever there is a breach of his limit.

Similarly for the pay in of shares, the client has to directly transfer the shares in the pool account of SMK SHARES AND STOCK BROKING PVT.LTD. before the settlement date or on settlement date before the time prescribed time by the exchange SMK SHARES AND STOCK BROKING PVT.LTD. will not be responsible if the shares are not recived in time for the payin and there is shortage in payin and aution for the same is held. The client will be solely responsible for the event. For any Payout of the shares the shares will be transferd to the clinet beneficiary account within 24 hours after receiving from the exchanges.SMK SHARES AND STOCK BROKING PVT.LTD. may not transfer the shares in event if the client has defaulted to settle his debit balance or pay in of the funds depending upon the risk management decisions.

3. APPLICABLE BROKERAGE RATES

The Schedule of Brokerage and other charges leviable by SMK SHARES AND STOCK BROKING PVT.LTD. on the clients are provide under the heading "Schedule of Brokerage and Other Charges" in this Form. Within the mentioned scale, the brokerage and other charges as agreed by the client is indicated and duly signed by the client in that section. If there is any upward revision of brokerage, the same will be informed to the client with 15 days prior notice. However all the brokerage and other charges are subject to the maximum limits as prescribed by SEBI / Exchanges/ Government and other Regulatory authorities from time to time.

4. IMPOSITION OF PENALTY OR DELAYED PAYMENT CHARGES

The clients are required to settle the pay-in / provide margin within the time limits provided by Exchanges / SEBI/SMK SHARES AND STOCK BROKING PVT.LTD. risk management system. In case the client fails to provide the same within the prescribed time, delayed payment charges shall be levied on the client's account on any delayed payments towards trading either in the cash or derivatives segments or on account of any other reason beyond the due date of payment as may be prescribed by SMK SHARES AND STOCK BROKING PVT.LTD.. Such delayed payment charges shall be directly debited to the account of the Client at the end of every month. This is only a penal measure and brings in discipline in the clients to clear the dues in time as SMK SHARES AND STOCK BROKING PVT.LTD. had to clear its obligations to the Exchange as per the time limits set by the Exchanges. SMK SHARES AND STOCK BROKING PVT.LTD. reserves the right of imposition of delayed payment charges on the client account and the client shall be liable for payment of such charges at such rate as may be prescribed by SMK SHARES AND STOCK BROKING PVT.LTD. from time to time.

5. RIGHT TO SELL CLIENTS SECURITIES OR CLOSE CLIENTS POSITIONS, WITHOUT GIVING NOTICE TO THE CLIENT ON ACCOUNT OF NON PAYMENT OF DUES. (LIMITED TO SETTLEMENT/MARGIN OBLIGATIONS)

As a part of its Risk Management System, SMK SHARES AND STOCK BROKING PVT.LTD. shall have the sole discretion to square off the open position of the Client and / or sell clients' securities (including securities maintained as margin with SMK SHARES AND STOCK BROKING PVT.LTD. and securities lying in client's beneficiary / demat account) in case the client fails to meet its settlement / margin obligations in time. The specific securities to be sold and the positions to be squared off shall be decided solely by SMK SHARES AND STOCK BROKING PVT.LTD.. Further, the square off of client's open position or the selling of securities may be executed on such Exchanges and at such price as may be decided by SMK SHARES AND STOCK BROKING PVT.LTD.. SMK SHARES AND STOCK BROKING PVT.LTD. shall have no obligation of communicating the same to the Client. SMK SHARES AND STOCK BROKING PVT.LTD. shall not be responsible for any losses incurred by the client due to such squaring off of the open position of the client. SMK SHARES AND STOCK BROKING PVT.LTD. reserves the right to square off client's open positions or sell clients' securities under following circumstances:

a. where the limits given to the Client have been breached;
b. where the Client has defaulted on their existing obligation and / or have failed to make payments/deliver securities to SMK SHARES AND STOCK BROKING PVT.LTD. within the stipulated time period as may be prescribed by SMK SHARES AND STOCK BROKING PVT.LTD. .
c. In addition to above, in case of equity and currency derivatives transactions,
    a. where the margin or security placed by the Client with SMK SHARES AND STOCK BROKING PVT.LTD. falls short of the applicable minimum margin as may be required to be maintained by the client;
    b. where Mark to Market Loss on the open position has reached the stipulated % of the margins placed with SMK SHARES AND STOCK BROKING PVT.LTD. and the Client(s) have not taken any steps either to replenish the margin or reduce the Mark to Market Loss;
    c. if the open position is neither squared off nor converted to Delivery by Client(s) within the stipulated time.

SMK SHARES AND STOCK BROKING PVT.LTD. reserves the right to square off the open position of client and / or sell client's securities under the prescribed circumstances; however SMK SHARES AND STOCK BROKING PVT.LTD. is not obligated and does not guarantee to square off the open positions and / or sell client's securities. The client shall be solely responsible for the trading decisions taken by the client. It shall be the responsibility of the client to make payments towards outstanding obligations and /or applicable margins to SMK SHARES AND STOCK BROKING PVT.LTD. in time irrespective of whether SMK SHARES AND STOCK BROKING PVT.LTD. exercises its right to square off the positions of the client in accordance with the provisions given herein above.

Client shall be solely responsible for any resultant losses incurred to client due to selling of client's securities by SMK SHARES AND STOCK BROKING PVT.LTD. or squaring off the client's open positions or for not doing so. All losses in this regard shall be borne by the CLIENT and SMK SHARES AND STOCK BROKING PVT.LTD. shall be fully indemnified and held harmless by the CLIENT in this behalf.

The CLIENT accepts to comply with SMK SHARES AND STOCK BROKING PVT.LTD. 's requirement of payment of Margin/settlement obligations of the Client, immediately failing which SMK SHARES AND STOCK BROKING PVT.LTD. may sell, dispose, transfer or deal in any other manner the securities already placed with it as Margin/lying in the beneficiary account of SMK SHARES AND STOCK BROKING PVT.LTD. or square-off all or some of the outstanding 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 and SMK SHARES AND STOCK BROKING PVT.LTD. shall be fully indemnified and held harmless by the CLIENT in this behalf at all times.

6. SHORTAGES IN OBLIGATIONS ARISING OUT OF INTERNAL NETTING OF TRADES

In case the client defaults on its existing obligation and in the event the trade has been internally netted off by SMK SHARES AND STOCK BROKING PVT.LTD., there could be internal shortages. The internal shortages are marked against the client randomly at the sole discretion of SMK SHARES AND STOCK BROKING PVT.LTD. taking into account the delivery obligations through Exchanges. In case of failure of delivery the client marked for internal netting of trade, the same shall be met through fresh market purchases and the loss on account of the said purchases will be charged to the defaulting client's account. However, defaulting client will not be eligible for any profit on account of this.

SMK SHARES AND STOCK BROKING PVT.LTD. shall not be responsible for losses to the Client on account of such shortages. All losses to the client on this account shall be borne solely by the client and the Client shall indemnify SMK SHARES AND STOCK BROKING PVT.LTD. in this respect.

7. CLIENT MODIFICATION :-

All Error Trades to be modified only in ERROR account with prior approval from Director/Compliance officer

Dealer executing the client's trade shall enter the orders after verifying and confirming the correct code of the clients for which orders are given by the clients.

Clients shall not be allowed to modify the trades once executed unless it was the genuine mistake by the client while giving the order. The client shall give the reasonable reasoning for the modification requested.

The modification requested by the client shall be acknowledged by both the parties i.e. client from whose code the trades are originally executed and client to whose code trades are later on transferred.

This modification shall be executed by the dealer only after authorization received from the senior management.

Any client modification which requires to be done due to genuine mistake by the client/ dealer of the member will be transferred to the ERROR (Mistake) account and the same will be squared off through the ERROR (Mistake) account, if required.

If any modification is noticed during the trading hours the same shall be rectified on the trading terminal itself. Else modification noticed after the trading hour shall also be informed to the respective exchanges when it is discovered.

Special care shall be taken in equity segment that pay-in or pay-out of shares are done from/to the respective corrected client beneficiary accounts only.

Modification once allowed to client shall not be considered as repeated activity and shall not be misutilised by the clients. And dealer of the member shall track and do the analysis of the modification requested regularly by the client and report the same to compliance department.

The above policies and procedures are subject to change / updation by SMK SHARES AND STOCK BROKING PVT.LTD. from time to time. The updated policies and procedures of SMK SHARES AND STOCK BROKING PVT.LTD. shall be informed to the client on timely basis.

8. **Outsourcing :-**

Views / advices / support for processing to be taken from professional consultants, however end responsibility for execution and results lies with the Board of Directors

For SMK SHARES AND STOCK BROKING PVT.LTD.

Dinesh Shyamlal Khemka
(Director)

SMK SHARES AND STOCK BROKING PVT. LTD. MUMBAI