



POLICIES AND PROCEDURE

Registration of a Client : An account opening set (KYC) will be accepted only if it is complete in all respect and all relevant enclosures are duly filled in and all required documents are attached to the set, duly signed and delivered by the applicant to Dayco. Please refer the checklist (page number 1 of the registration set) for completeness of the application.

Employees of Dayco will verify new applicants in person and validate all enclosed documents against their originals. All documents will be checked in multiple levels at Dayco prior to processing. Any application found unsatisfactory in any respect shall be returned to the applicant.

An application completed in all respect shall lead to opening of account within a week time and the Unique client code and other required documents will be despatched to the Client as a part of the welcome set.

Dayco at its absolute discretion keeps the right to accept, refuse or reject any application for registration with or without showing any reason thereof.

Order/Trade Confirmation : In view of high volume and real time execution of orders on the Exchange, verbal orders are accepted from the clients and executed trades are confirmed verbally. It is not possible to provide order confirmation, modification and cancellation slips and trade confirmation slips for such orders in printed form. Executed trades are confirmed at the end of the day by SMS to the client's mobile number as provided with the KYC and contract notes are issued within 24 hours.

Policy of Issue of Contract Notes : Contract notes for all trades are issued on the same day either physically and/or electronically with digital signature. They are issued from the head office. Electronic contract Notes (ECNs) are optional for the client and separate consent is required for opting the same.

In the case of those clients who opt to receive the contract notes in the electronic form, Electronic contract notes (ECN) are sent at the email id registered as a part of KYC/ authorization for consent of ECN and log of such despatch are maintained. Non-receipt of bounced mail notification by Dayco amounts to delivery of the contract note at the e-mail ID of the client.

In order to further strengthen the electronic communication channel, Dayco simultaneously publishes the ECN on its official website in a secured way and enable relevant access to the clients. Dayco allots a unique user name and password for the purpose to enable clients to access the ECNs posted in the designated website in a secured way and save and print the ECNs.

Execution /Non execution of orders for penny stock: "PENNY STOCK" may be defined as the stocks which are appearing in the list of illiquid securities issued by the Exchanges every month and any other stocks which Dayco may consider to be illiquid/non beneficial for investors at specific market situation from time to time. Such lists of stocks are available at www.daycoindia.com.

Dayco at its absolute discretion can accept, refuse or partially accept any buy or sell order of such stocks for execution from a client. Dayco may also allow restrictive acceptance of orders in such scripts and may demand appropriate declaration and additional margin from the client before accepting orders of such stock. Dayco may cancel orders in such scripts received from the client before execution or after partial execution or place any other restrictions on the trade of such scripts with or without assigning any reason thereof to the client.

Dayco shall not be responsible for any consequential opportunity loss or financial loss that a client may incur from delay or non execution of orders in penny stock.

Brokerage : Dayco follows the policy of charging brokerage not more than the maximum permissible brokerage as per the rules and regulation of the Exchange/SEBI. Brokerage is applied as per the rates agreed upon with the client in the KYC at the time of registration.

The brokerage slab of a client is reviewed at specific intervals determined by the management after assessment of the quality and quantity of turnover of the client and regularity of his/her payment record. The rates may be increased with prospective effect at 15 days notice sent to the E-mail address or postal address of the client registered with Dayco. Similarly the client may apply for reduction of brokerage and that may be executed, if considered by the management, with a notice of 15 days. Any change in brokerage can be viewed only with valid user id and password of the client at Dayco's official website.



Signature of the Client

The brokerage amount debited to the client does not include any exchange related charges or statutory levies as applicable. Any other applicable taxes imposed by statutory authority including securities transaction taxes, duties, service tax, etc will be paid by the client separately as may be levied on the transactions from time to time.

Application of Minimum brokerage : Dayco charges a specific minimum brokerage to the client for trading in penny stocks or low value stocks, which are declared to and agreed upon by the client as a part of KYC as minimum brokerage in absolute value (2.5% or 25 paise per share whichever is higher).

Auction Penalty : Penalty applicable for any kind of Auction trade or Auction Square up transaction including internal netting is 2% in general. In addition to such penalty, any statutory levy or charges and taxes applicable are charged separately to the client. This penalty is invariable from client to client and hence not included as a part of KYC of individual client.

Auction Policy : Dayco Securities Pvt Ltd follows the policy of auction as defined by the Rules and regulations of the Exchange/SEBI. The Exchange's auction obligations are transferred to the corresponding clients.

In case of internal shortage, the securities delivered short are purchased from the market on T+3 day and the purchase consideration including all statutory taxes and levies along with auction brokerage is debited to the short delivering client. In case the shares are not available for purchase in the market, the shortages are closed out as per the prevailing rules of the respective Exchange.

Risk Management Policy : Risk Management is handled by management personnel, lead by the Director-Principal Officer. Clientwise risk is evaluated and all clients are classified in different categories internally. Exposure limits are then set according to risk evaluation.

Setting up Client's Exposure Limits: Dayco may give a Gross Exposure limit of a multiple (ranging between one to four times) and Intra Day Limit of a multiple (ranging between one to ten times) of the clear ledger balance in the account plus value of the shares given as collaterals computed after applying appropriate haircut. These limits may be set different from time to time for a client depending on various factors such as market fluctuations.

Clear Ledger Balance can be read as ledger balance of settled trades plus purchase obligations of open settlements minus value of irreversible delivery out instructions executed on account of the client till the previous day.

The exposure limits may be changed based on the volatility in the market and quality of collaterals. Dayco may set different exposure limits for different clients depending on the credit worthiness, integrity and past conduct of the clients.

Dayco shall not be responsible for the client's inability to route any order through Dayco's trading system on account of any variation, reduction or imposition of exposure limits.

Policy of Payment : Dayco issues account payee cheques within 24 hours of the exchange pay out. The clients who have consented for maintaining running accounts are allowed to make fresh purchase within credit balances generated vide pay out.

Policy of Receipt : Before giving an order for execution, client is required to make payment. The client can use his credit balances as per ledger statement if he has consented for maintaining running accounts and such consent is valid as per exchange/SEBI rules. All the payments are collected by account payee cheque in the name of the company and the same are deposited to the designated client account. Dayco does not accept third party cheques or cheques issued from an unidentified account (not supported by KYC or other valid authorisation). Clients are required to mention their UCI code at the reverse side of the cheque. Cash payment is not received.

Policy of Securities Pay in and Pay out : Dayco receives securities from client's beneficiary account only, for pay in. In case a credit comes to the pool account from a wrong account we have the mechanism of checking exceptional delivery and returning the same from the pool account.

Dayco transfers securities to client's beneficiary account same day, generally within 2 hours of the pay out if payment from the client is received in due time. In case, the client fails to clear his payment, we transfer the securities to our trust account, which is sent to the client's account once payment is obtained.



Signature of the Client

Policy of squaring up of positions : If a client has not cleared his due payment till pay out of securities, his unpaid securities are transferred to the trust account. They are given an option to pay within a reasonable time frame (minimum 15 days not resulting into funding by the broker) and shares are returned to their beneficiary accounts. If the client is unable to clear his dues, his securities are sold under intimation if the client is traceable and shares are transferred from the trust account to client's beneficiary account and sold in a current settlement and due delivery instructions are obtained from the client.

However, if the client is non traceable, his positions are squared up by issuing a written notice at his registered address as per KYC and securities are delivered directly from the trust account to the pool account on behalf of the client.

A client's open position will be squared off in case of death/lunacy/insolvency of the client and any extra dues will be recoverable from the client's successors.

Delivery Instruction Charges for Trust A/c transfer: All Delivery instruction charges for trust account transfer and reverse alongwith statutory levies and taxes are charged to the client and debited to his ledger account.

Management of Collateral : Dayco has adequate systems and procedures in place to ensure that client collateral is not used for any purposes other than meeting the respective client's margin requirements / pay-ins. Dayco also maintains records to ensure proper audit trail of use of client collateral.

Collateral deposits are received from the clients to a particular account and used as margin for the client and the same may be deposited to the Exchange against margin for the client, if they are as per valid list of scrips as may be declared by the company from time to time. At the time of return, they are transferred to the particular client's depository account, as requested. Collateral may be sold / invoked if the client fails to settle his/her obligation, on intimation to the client's address registered as per KYC details.

All Delivery instruction charges for collateral account transfer and reverse alongwith statutory levies and taxes are charged to the client and debited to his ledger account.

Condition under which a client may not be allowed to take further position or the account may be closed :

- Client unable to meet his/her pay-in obligation as per exchange requirement irrespective of the value of collaterals available.
- Long pending debit balance in the client's account.
- Margin shortfall not compensated by the client.
- Multiple dishonour of Cheque, due to fund shortage or otherwise.
- Transactions which may appear to be suspicious in nature.
- Where based on the happening of an event, Dayco has a risk perception that further trading in the contracts/securities may not be in the interest of the clients and/or the market. .
- Any suspicious information found by Dayco in sites like CIBIL, world check, etc or if there is any commencement of a legal process against the client under any law in force.
- If the client forms a part of the list of debarred entities published by SEBI and/or any action is taken by NSE/BSE/SEBI on the client.
- If the Client suffers any adverse material change in his/her/its financial position or defaults in any other agreement with the Stock Broker.
- If the Client has made any material misrepresentation of facts, including (without limitation) in relation to the Security.
- If the Client is in breach of any term, condition or covenant of the Agreement with the stock broker.
- If the client is reported or known to have expired.

Temporarily Suspension of a Client's account at the clients' request or otherwise : Dayco may temporarily suspend an account of the client under the following circumstances :

- Where the Client is inactive for the last six months.
- Where Physical statements or contract notes, etc are received back undelivered and the client is not responding to update the correct address.
- Where the client has reported that unauthorized trades have been executed in his/her account without his/her knowledge.
- On written request received from the client willing to suspend his/her account for a certain period or until further notice. Such accounts can be activated only on the written request of the client.



Signature of the Client

Inactive client account will be considered as inactive if the client does not trade for a period of six months. Calculation will be done at the beginning of every month and a written request has to be made by the client for reactivation of their account.

Redressal of Investors' Grievance : We have our own investor redressal system, which functions as follows:

- A client can register his/her suggestion/complain by sending letters / emails to feedback@daycoindia.com/ files in www.daycoindia.com.
- Separate physical complaint registers are maintained at branches and head office.
- The branches are allowed to resolve the complaint within 10 days of receipt of the same.
- Unresolved complaints are escalated to the head office.
- The head office resolves the complaints maximum within 30 days of receipt of the same with an intimation to the client.

All the complaints are recorded in the register of complaints. The escalation matrix for redressal of grievance is :

Branch Manager (0-10 days) ? Associate Compliance (upto 15 days) ? Director – Compliance officer (Please find all relevant contact details at the back of the booklet).

Policy of opening & closing of branches :

→ Procedure of opening of a branch:

- A branch manager is appointed after due approval from the Directors.
- Required documentations are executed by the person being appointed as a branch manager. These documentations include an undertaking regarding procedural operations of the branch in concern.
- A site visit is executed by the inspection team before activation of the branch.
- A written communication is sent for formal opening of a branch and copies of SEBI registration certificates and notice board contents are displayed and glow signboard is put at a visible place before the formal opening.

→ Procedure of closure of a branch:

- Head office officials visit the branch and discuss issues with the clients regarding the company's inability of continuation of the branch.
- A 30 days notice is delivered to the existing clients for shifting their accounts to another branch or head office, as per their convenience.
- Accounts are shifted after written intimation of client is obtained.
- The branch is closed once, all the clients are shifted or accounts are closed, with intimation to the exchange.

Systems Risk Policy : Trading of all exchange is in electronic mode, based on VSAT, Leased line, ISDN, Modem and VPN, combination of technologies and computer systems to place and route orders. There exists a possibility of communication failure or system problems or slow or delayed response from system or trading halt, of any such other problem/glitch whereby not being able to establish access to the trading system/network, which may be beyond Dayco's control and may result in delay in processing of buy or sell orders either in part or in full. Dayco shall not be liable and responsible for any such problems/fault and opportunity loss, if any, suffered by the client due to such occurrence.

Risk Contingencies beyond control :

Dayco shall not be liable or responsible for delay or default in performance of clients' obligations due to contingencies beyond control such as fire, flood, civil commotion, earthquake, riots, and war strikes, failure of systems, failure of internal links, government/regulatory actions or any other contingencies beyond control and any loss suffered by the client(s) thereof.

Client Acceptance of Policies and Procedures stated hereinabove:

I/We have fully understood the same and do hereby sign the same and agree not to call into question the validity, enforceability and applicability of any provision/clauses in this document under any circumstances whatsoever. These Policies and Procedures may be amended/changed by giving 15 days notice by the broker, provided the change is informed to me/us through any one or more means/ methods. I/we agree never to challenge the same on any grounds including delayed receipt/non- receipt or any other reason whatsoever. These Policies and Procedures shall always be read along with the agreement and shall be compulsorily referred to while deciding any dispute/difference or claim between me/us and Dayco Securities Pvt. Ltd before any court of law/judicial/adjudicating authority including arbitrator/mediator, etc.



Signature of the Client