

POLICY ON SQUARING OFF CLIENT POSITIONS IN CASE OF NON PAYMENT OF FUNDS AND MARGINS

MFSL 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 MFSL and securities lying in client's beneficiary /dormant 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 MFSL. 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 MFSL. MFSL shall have no obligation of communicating the same to the client. MFSL shall not be responsible for any losses incurred by the client due to such squaring off of the open position of the client. MFSL 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/ delivery securities to MFSL within the stipulated time period as may be prescribed by MFSL.
- c. In addition to above, in case of equity and derivatives transactions,
 - i) where the margin or security placed by the client with MFSL falls short of the applicable minimum margin as may be required to be maintained by the client;
 - ii) where the mark to market loss on the open position has reached the stipulated percentage of the margins placed with MFSL and the client(s) have not taken any steps either to replenish the margin or reduce the Mark to Market loss;
 - iii) If the open position is neither squared off nor converted to delivery by client(s) within the stipulated time.

MFSL reserves the right to square off the open position of client and/or sell client's securities under the prescribed circumstances; however MFSL 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 margin to MFSL in time irrespective of whether MFSL 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 MFSL or squaring off the client's open positions, of for not doing so. All losses in this regard shall be borne by the client and MFSL shall be fully indemnified and held harmless by the client in this behalf.

The clients accept to comply with MFSL requirement of payment of Margin/settlement obligations of the client, immediately falling which MFSL may sell, dispose, transfer or deal in any other manner the securities already placed with it as Margin/lying in the beneficiary account of MFSL 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 MFSL shall be fully indemnified and held harmless by the client in this behalf at all times.

