



### **Risk Management System (RMS) Policy**

A Risk Management System is integral to an efficient Risk system. We have put in place a comprehensive risk management system, which is constantly upgraded as per the Exchange, SEBI & PMLA norm and also as per Market Movement.

The Model of RMS consists of Branches, Franchisee & Sub-brokers-Authorized Person.

All the staff, Branches, Branch Manager, and Sub-broker needs to understand and follow the policy as it is the integral part of company.

RMS Function includes:

- To check capital adequacy for exposure and requirements of the client
- Monitoring of Clients Order, Patterns of Trade, Order rejections, increasing of Exposure/limits.
- Monitoring MTM profit/loss incurred out of trades.
- Benchmarking Margin v/s Exposure of client
- Decision taking with regard to squaring off positions on account of MTM loss or Margin shortfalls or any other reasons that may come across

Risk management in relation to all the trading activities for Clients is handled by RMS & Surveillance Dept.

Particular	Equity (NSE/BSE E)	Derivatives (NSEFO)	Currency (NSECDs/BSE CDS)	COMMODITIES (MCX & NCDEX)
Intraday Exposure	As per VAR	Future	Future	Option
		1 Times in Future	1 Times (premium)	1 Times (premium)
Delivery Limit / Carried Forward	1 Times of Limit set	1 Times of Limit set	1 Times of Limit set	1 Times of Limit set
		It is compulsory to keep 100% margin as per the Exchange norms.		
Limit setting	<ul style="list-style-type: none"> <li>➤ Limit is set on Equity + Currency on Combined basis</li> <li>➤ Limit is set on commodity on basis of Ledger balance</li> </ul>			
Criteria for Position Square off	<ul style="list-style-type: none"> <li>➤ <b>Intraday Sq -Off time</b> Cash &amp; F&amp;O:- 3.20 pm , NSECD :-4.50 pm , MCX:- 4.45 and 11.15 or 11:45 PM or NCDEX:- 4.45 and 8:50 or 9:20 PM</li> </ul>			
	<p><i>*The positions taken for intra-day should be cleared within the time frame as mentioned above. We will not responsible for any uncovered open position on account of any technical failure after 3:10 pm.</i></p> <ul style="list-style-type: none"> <li>➤ <b>MTM Sq -off:</b> a) First Call = 60 %, b) Second Call =70 %,c) Final call/Square off =80%</li> </ul> <p>Note : <i>Once the MTM loss of the intra-day positions reach 80% of the margin available, the positions should be cleared from the branch concerned, failing which the positions taken for the intra-day will be cleared off from RMS &amp; Surveillance dept, therein after only ATOM, or Fund Transfer is allowed to increase the exposure or limit.</i></p> <ul style="list-style-type: none"> <li>➤ In case client MTM loss reaches to 60-70% at the end of the day, client will have to reduce the position up to the level of 50% or need to enhance the limit by additional margin.</li> <li>➤ <b>7 Days Sq-Off:</b> <ul style="list-style-type: none"> <li>• All 7 days or more debits shall to be cleared by 2:30PM.</li> <li>• If the open position clearance not been initiated from branch, then same would be cleared from RMS department (Head office). In this regard, company shall not be responsible for any loss.</li> <li>• Any NEFT/IMPS/RTGS is to be done, and then it should be before 2:30pm.</li> </ul> </li> </ul>			

	<ul style="list-style-type: none"> <li>• At time of selling stocks, below method is followed: <ul style="list-style-type: none"> <li>○ Stock from Beneficiary Account</li> <li>○ Stock from Margin Account (If sufficient stocks are not found in Beneficiary A/c)</li> </ul> </li> <li>• Incase stock valuation falls below 20% of the total ledger debit, square off can be done even before T+2 days.</li> <li>➤ In case at any point of time, if the client ledger arrived to debit due to whatever market volatile or higher position Values in Less margin or dishonor of Pay in Client will be responsible to pay the Dues to clear the outstanding in his/her ledger.</li> <li>➤ In any Circumstances client fails to pay the due amount, Company will switch to Legal activities to recover such amount from client.</li> <li>➤ In case client carries commodity OR Derivatives position more than 1 times, then he needs to pay shortfall tomorrow before 10:30 a.m. or before MTM hits 80% of the total credit available. in case the same is not done, position will be squared off after 3:20p.m in case of Equity Derivative and 11:20 in case of Commodity Derivative <ul style="list-style-type: none"> <li>i. <i>*Note: T+1 day consideration shall not be given to any client, if any instances of cheque bouncing or cheque reversal have taken place in the account.</i></li> </ul> </li> <li>➤ The MTM loss arising in F&amp;O positions need to be paid on the same day (T day) so that MTM settlement can be performed properly, failing which the positions will be reduced to the available margin level.</li> <li>➤ <b>RMS will Sq-off the position in case of:</b> <ul style="list-style-type: none"> <li>a. Script highly volatile</li> <li>b. Margin /MTM Shortfall</li> <li>c. chq bounce / third party chq deposit</li> <li>d. scrip is banned/not allowed for trading/withdrawal from F&amp;O/as per exchange</li> <li>e. Suspicious trade or transaction under PMLA Act</li> <li>f. Synchronized trading</li> <li>g. Regulatory body Prohibits or suspended the client</li> </ul> </li> </ul>
<b>Cheque Bounce or Reversed Cheque</b>	1 time instance - The position will be liquidated up to the shortfall amount and no further position will be granted. 2 to 4 instance - Trading will be allowed based on clear balance 5 & more - Trading account will be closed and freeze and subsequent reporting

	will be done to FIU.
<b>Exposure/Limit on Unclear</b>	<p><b>Limits shall not be provided for clients on cheques under clearing in the following conditions:</b></p> <ul style="list-style-type: none"> <li>➤ Branch has given the cheque details but the cheque is actually not presented to the bank.</li> <li>➤ Cheque entered in id but it's not collected.</li> </ul>
<b>Cheque</b>	<ul style="list-style-type: none"> <li>➤ No limit is allowed against out-station cheque.</li> <li>➤ Every new client the exposure limits for transactions shall be given after the clearance of margin cheque</li> <li>➤ No special approvals are accepted/entertained for those clients who are in cheque bounce history and with Negative Ledger.</li> </ul>
<b>Banned securities*</b>	<ul style="list-style-type: none"> <li>☒ intraday position will be allowed on Ban Scrip in Future and options</li> <li>☒ Commodity declared as BAN by exchange, no exposure will be allowed</li> <li>☒ Trading in commodity contracts will be banned a day prior to the delivery intention period.</li> <li>☒ Physical Delivery of Commodities is not allowed.</li> <li>☒ Physical delivery of derivative contracts are squared off before expiry, if adequate balance is not available.</li> </ul>
<b>Illiquid stocks /Agro Products</b>	<ul style="list-style-type: none"> <li>➤ Exposure: only 1 Times Exposure will be given on illiquid stock or Z or BE group.</li> <li>➤ In Equity segment newly listed shares usually do not have any DPR and hence, the chances for rate fluctuations are more. So the dealing in newly listed shares will be restricted to the available credit balance after considering the M2M levels</li> </ul>
<b>Penalty</b>	<ul style="list-style-type: none"> <li>➤ Any delay payment (after T+2) will attract 18% interest p.a.</li> <li>➤ Any penalty by the exchange on transaction will be debited to the respective client.</li> <li>➤ In case of Bounce cheque penalty of Rs.69/- will be debited to account.</li> <li>➤ In case of F&amp;O/Commodity Margin shortfall, penalty will be charge as per exchange.</li> <li>➤ In case of Regulatory body suspend or client name appear under debarred list</li> </ul>

<b>Clarification regarding margin collection by Clients</b>	<ul style="list-style-type: none"> <li>➤ Free Balance available on current day (TDay) with client in different segments (BSE/NSE/FO/CURR) of the Exchange will be considered for margin collection</li> <li>➤ Only exchange approved stock in Pool Account &amp; Collateral Account will be considered for margin collection</li> <li>➤ Shares in Pool Account &amp; Collateral Account will be considered for intra-day exposure in derivatives segments subject to a haircut of VAR margin. Exposure for C/F will be based only on the clear fund balance &amp; Collateral holding.</li> <li>➤ Limit against Premium credit for sell of Option Contract: <ul style="list-style-type: none"> <li>• Allow to take position in Option Contract Buy/Sell on same day</li> <li>• Disallow to take position in Future &amp; Option contract Sell on same day</li> <li>• Allow to take Intraday or Delivery position for EQUITY scrip on very same day</li> </ul> </li> <li>➤ MTM profit cannot be considered for taking fresh position in FNO segment.</li> <li>➤ Provisional Margin shortfall penalty &amp; late payment fees will be block from clear balance when payout.</li> </ul>
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<b>Surveillance</b>	<p>Some of unethical and unpractical practice seen done by client or dealer or BM by the Department, strict action will be taken and the decision will solely by the department.</p> <p>Some are like :</p> <ul style="list-style-type: none"> <li>➤ Synchronized trading</li> <li>➤ Client Exchange Volume</li> <li>➤ Off market Transfer to Multiple clients and from multiple to single account</li> <li>➤ Client Script Concentration</li> <li>➤ Illiquid stock trading</li> <li>➤ Client Purchase/Sale to Income</li> <li>➤ Profit loss transfer</li> </ul>
<b>Quarterly / Monthly Settlement</b>	<ul style="list-style-type: none"> <li>➤ Accounts need to be settled once every quarter/month as per preference selected by him at the time of Account Opening.</li> <li>➤ All excess collaterals/Credit Balance in client's ledger will be released upon settlement. Quarterly settlement will be done across all Exchanges and segments</li> </ul>
<b>POA stock</b>	<ul style="list-style-type: none"> <li>➤ Margin POA required for Currency &amp; F&amp;O trading.</li> </ul>

<b>General</b>	<ul style="list-style-type: none"> <li>➤ No Family adjustment of ledger or cheque is allowed</li> <li>➤ No Third party cheque or collateral securities will be accepted</li> <li>➤ For franchise risk will be consider up to the level of available deposit/brokerage</li> <li>➤ PositionstakenasintradaycanbeconvertedtoDeliveryProduct(MIStoNRML)subjecttotheavailability of credit balance or on confirmation of Fund transfer.</li> </ul>
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	<ul style="list-style-type: none"> <li>➤ AMOwillbecancelledifthepriceenteredismorethan15%awayfromtheLTPineitherdirection.</li> <li>➤ AMO will be cancelled if client do not have sufficient funds</li> <li>➤ Positions will be squared off immediately, if a cheque bounces (due to any reason).</li> <li>➤ Trading in Z group is not allowed.</li> <li>➤ No unlimited access granted on any Client ID, Dealer ID and Branch ID</li> <li>➤ Restrictions on Far-month contract</li> </ul>
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