



**RMS POLICY**

**FINDOC INVESTMART PVT LTD.**

**AND**

**FINDOC COMMODITIES PVT LTD.**

# Risk Management System (RMS) Policy

## Preface

Risk Management is an integral part of any organization. We need to deal with various kind of risk like credit Risk, Market Risk, default Risk, liquidity Risk and other risk. In Securities Market, customers have to be alerted with respect to their obligations, open positions, market conditions, Margin requirements, regulatory requirements and steps are initiated by the brokers in case of changing market situations. With a view to enhance customer knowledge and safeguarding investor interests, we have devised a comprehensive Risk Management & Surveillance (RMS) Policy to make sure that clients are aware of criteria based on which we monitors risk and initiates actions to safeguard the interest.

## RMS works on the following concepts:

- **Cash:** The clear balance available in the customer's ledger account in our books of accounts.
- **Margin:** The underlying stake provided by the customer in the form of cash, stocks to mitigate market (price) or settlement (auction) risk.
- **Exposure:** The aggregate of the customer's obligations arising out of buy + sell trades awaiting settlement in the cash segment and profit/ loss amounts that are yet to be settled on the closed positions.
- **Exposure multiple :** The number of times that exposure is allowed on the underlying margin sales on the cash segment would have to be made either on the availability of cash margin or on the availability of the stocks (which are to be sold) in our margin account, by executing a transfer before the sale order is initiated.
- **Stock qualifying for margin in cash segment transactions:** Securities in the approved list of Stock Exchange as per SEBI guidelines.
- **Total Deposit:** The aggregate of client deposit available with us in the form of cash, Shares (After Applicable Hair Cut) and FDR.

## MANAGEMENT OF RISK

- **Trading exposure:** Trading exposure will be margin based in both segments equity and derivative. Margin will be applied on each segment as following:

Commodities Derivative segment (Intraday) - 04 Times of Span + ELM

Commodities Derivative segment (Carry forward) - 01 Time of Span + ELM

Equity Derivative segment (Intraday)- 04 Times of Span + ELM

Equity Derivative segment (Carryforward) - 01 Time of Span + ELM

Equity Cash segment (intraday) - 10 Times of Deposit (only a group and nifty 500 stocks)

Equity Cash segment (delivery)- 04 Time of Deposit

Deposit available will be calculated considering the following

- Credit Balance in account.
- Value of shares in Collateral account, Beneficiary account, and the also the value of the shares in transit after applicable haircut.
- Hair-cut will be applied as per VAR file by exchange in the normal market conditions. However depending upon the market conditions the hair-cut rate may be changed.
- If the value of the shares after hair-cut is less than the debit, buying exposure will be blocked.
- Where a client is in debit & value of stock after hair-cut is higher than the debit, exposure will be available for the difference between outstanding amount and the value of the stock after hair-cut.
- It is advised to transfer the shares to the collateral account for getting benefit of the stock for trading exposure.
- In normal cases one time exposure will be given in the cash market segment for the cheques under clearing.

### **Order Receipt And Execution**

- Orders are executed only from registered mobile number of the clients.
- All the phone calls are in recording system, which is maintained and verify on daily basis.
- Real time messaging services is enabled for all the clients. I.e. any order executed will get flashed SMS in his/her mobile number on real time basis.
- Apart from real time messaging, the entire trade confirmation message is provided on one to one basis through telephone recorded call.
- In end of the day, combined daily confirmation, net position, and ledger details is sent to client through SMS.

**If MTM reaches 80% of the deposit RMS in intraday, auto square-off automatically done by Admin ID.**

For confirmation for clients a regular SMS is sent to his/her registered mobile number if MTM breaches 60%, 70% and 80%. AT 80% the square off is automatically done and same is also intimated to client via SMS

### **Resources Deployed:**

RMS Department is a well-staffed team containing qualified personnel who have been well trained and groomed to deal with franchisees and clients. RMS is the first point of contact with respect to providing limits and squaring-off the trades. The care of all the escalations and major decisions are taken by the Department Head of the RM team. There is also some bench strength which takes care off any absent.

The current software resources used by the RMS department are the best of its kind in the industry. Currently software like 63 moons Protector, ODIN-Admin and Shilpi Back Office is being used.

### **Monitoring of debit balance.**

Payment control reports are generated on daily basis. Every branch and approved person gets email of payment control report. On T+7 basis we asked client to clear debit by selling stocks or by payment through cheque. SMS is sent to client registered mobile number to clear their debit; otherwise position is square off by RMS (head office).

In derivative market shortage margin is collected on very next day. If client failed to deposit cheque their position is squared off.

### **Allotments of Trading Terminals**

Each terminal information is punched to exchange through NSE ENIT member portal before allotment to branch, sub broker and Approved Person.

By default limit set to terminal is Rs.1/- and as per client deposit and worth limit is increased in the terminals accordingly.

### **Surrender of Trading Terminals**

In case of surrender of trading terminal, all the mapping from that terminal is shifted to other terminal of that branch. In case of only terminal, mapping is shifted to nearest branch.

Details of that surrender terminal are deactivated from exchange member ENIT portal. Clients are accordingly informed about the changes and provided the details & contact information of the new Branch

**Thanking You,**

**For: Findoc Commodities Private Limited**

**Compliance Officer**