**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 theclient
* Monitoring of Clients Order, Patterns of Trade, Order rejections, increasing ofExposure/limits.
* Monitoring MTM profit/loss incurred out oftrades.
* BenchmarkingMarginv/sExposureofclient
* Decision taking with regard to squaring off positions on account of MTM loss or Margin shortfalls or any other reasons that may comeacross

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

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| **Particular** | **Equity****(NSE/BSE)** | **Derivatives****(NSEFO)** | **Currency****(NSECDS/BSE CDS)** | **COMMODITIES****(MCX &NCDEX)** |
| **Intraday****Exposure** | 10 times Exposure | Future |  | Future | Option | Future | Option |
| 4 Times inFuture | 1 Times (premium) | 4 Times Margin | 1 Times (premium) | Mcx : 4Times NCDEX: 2 times | 1 Times (premium) |
| **Delivery Limit / Carried****Forward** | 4 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** | * Limit is set on Equity + Currency on Combined basis
* Limit is set on commodity on basis of Ledger balance
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| **Criteria for Position Square off** | * **Intraday Sq‐Offtime**

Cash & F&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 |
| *\*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.* |
| * **MTMSq‐off:**
	1. First Call = 60 %, b) Second Call =70 %,c) Final call/Square off =80%

Note : *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 & Surveillance dept, therein after only ATOM, or Fund Transfer is allowed to increase the exposure or limit.** 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.
* **7 Days Sq‐Off**:
* All 7 days or more debits shall to be cleared by 2:30PM.
* 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.
* Any NEFT/IMPS/RTGS is to be done, and then it should be before 2:30pm.
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|  | * At time of selling stocks, below method is followed:
	+ Stock from Beneficiary Account
	+ Stock from Margin Account (If sufficient stocks are not found in Beneficiary A/c)
* Incase stock valuation falls below20% of the total ledger debit, square off can be done even beforeT+2 days.
* 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 Payin Client will be responsible to pay the Dues to clear the outstanding in his/her ledger.
* In any Circumstances client fails to pay the due amount, Company will switch to Legal activities to recover such amount from client.
* In case client carries commodity OR Derivatives position more than 1times, 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
	1. *\*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 theaccount.*
* The MTM loss arising in F&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.
* **RMS will Sq‐off the position in case of:**
1. Script highlyvolatile
2. Margin /MTMShortfall
3. chq bounce / third party chq deposit
4. scrip is banned/not allowed for trading/withdrawal from F&O/as per exchange
5. Suspicious trade or transaction under PMLAAct
6. Synchronized trading
7. Regulatory body Prohibits or suspended the client
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| **Cheque Bounce or Reversed****Cheque** | 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. |
| **Exposure/Li mit on Unclear** | **Limits shall not be provided for clients on cheques under clearing in the following conditions:*** Branch has given the cheque details but the cheque is actually not presented to the bank.
* Cheque entered in ld but it’s not collected.
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| **Cheque** | * No limit is allowed against out‐station cheque.
* Everynewclienttheexposurelimitsfortransactionshallbegivenaftertheclearanceofmargincheque
* No special approvals are accepted/entertained for those clients who are in cheque bounce history and with Negative Ledger.
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| **Banned securities\*** | * intraday position will be allowed on Ban Scrip in Future and options
* Commodity declared as BAN by exchange, no exposure will beallowed
* Trading in commodity contracts will be banned a day prior to the delivery intention period.
* Physical Delivery of Commodities is not allowed.
* Physical delivery of derivative contracts are squared off before expiry, if adequate balance is not available.
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| **Illiquid stocks****/Agro Products** | * Exposure: only 1 Times Exposure will be given on illiquid stock or Z or BEgroup.
* InEquitysegmentnewlylistedsharesusuallydonothaveanyDPRandhence,thechancesforrate fluctuationsaremore.Sothedealinginnewlylistedshareswillberestrictedtotheavailablecredit balance after considering the M2Mlevels
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| **Penalty** | * Any delay payment (after T+2) will attract 18% interestp.a.
* Any penalty by the exchange on transaction will be debited to the respectiveclient.
* In case of Bounce cheque penalty of Rs.69/‐ will be debited to account.
* IncaseofF&O/CommodityMarginshortfall, penalty will be charge as per exchange.
* In case of Regulatory body suspend or client name appear under debarred list
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| **Clarification regarding margin collection by Clients** | * FreeBalanceavailableoncurrentday(TDay)withclientindifferentsegments(BSE/NSE/FO/CURR)ofthe Exchange will be consider for margincollection
* OnlyexchangeapprovedstockinPoolAccount&CollateralAccountwillbe considered for margincollection
* Shares in Pool Account & Collateral Account will be considered for intra‐day exposure in derivatives segmentsubjecttoahaircutofVARmargin.ExposureforC/Fwillbebasedonlyontheclearfundbalance &Collateralholding.
* Limit against Premium credit for sell of Option Contract:
	+ Allow to take position in Option Contract Buy/Sell on sameday
	+ Disallow to take position in Future &Option contract Sell on sameday
	+ AllowtotakeIntradayorDeliverypositionforEQUITYscripsonverysameday
* MTM profit cannot be considered for taking fresh position in FNO segment.
* Provisional Margin shortfall penalty & late payment fees will be block from clear balance when payout.
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| **Surveillance** | 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. Some are like :* Synchronizedtrading
* Client ExchangeVolume
* Off market Transfer to Multiple clients and from multiple to singleaccount
* Client ScriptConcentration
* Illiquid stocktrading
* Client Purchase/Sale toIncome
* Profit losstransfer
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| **Quarterly / Monthly Settlement** | * Accountsneedstobesettledonceeveryquarter/monthasperpreferenceselectedbyhimatthetimeof AccountOpening.
* Allexcesscollaterals/CreditBalanceinclient’sledgerwillbereleaseduponsettlement.Quarterly settlement will be done across all Exchanges andsegments
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| **POA stock** | * Margin POA required for Currency & F&O trading.
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| **General** | * No Family adjustment of ledger or cheque is allowed
* No Third party cheque or collateral securities will beaccepted
* For franchise risk will be consider up to the level of available deposit/brokerage
* PositionstakenasintradaycanbeconvertedtoDeliveryProduct(MIStoNRML)subjecttotheavailability

of credit balance or on confirmation of Fund transfer. |

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|  | * AMOwillbecancelledifthepriceenteredismorethan15%awayfromtheLTPineitherdirection.
* AMO will be cancelled if client do not have sufficientfunds
* Positions will be squared off immediately, if a cheque bounces (due to anyreason).
* Trading in Z group is notallowed.
* No unlimited access granted on any Client ID, Dealer ID and BranchID
* Restrictions on Far‐monthcontract
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#### Undertaking:

I / We hereby agree all the terms and condition as mentioned above and also confirm that I/we read the above policy and i/we will abide as mentioned in the policy.

Place:

Date: