



Risk Management Policy

The stock broking industry is associated with two types of risk, viz internal risk and external risk which includes very high risk in terms of volatility of stock prices, daily collection of payments from clients etc.

In view of above, to avoid such risks and to survive in this competitive environment, Company itself maintain Risk Management system follow up regular basis at the separate client level activities. To protect the capital & interest of the company for good self, the risk of the daily business is ascertained regularly by the separate department named Risk Management Department. Pursuant to the commitment of our business activity towards enhancing investor protection and providing greater transparency we have endeavored to bring out some rules & regulation of the Exchange and in house to the client and as well as update the system. With a centralized risk management system and a stringent compliance process, the company has managed to keep client defaults and disputes at near zero level.

IMPORTANT TERMS

Approved Scrips: Company Approved list of scrips grouped into three Categories i.e. “A”, “B” and “C” Category.

Non Approved Scrips: All scrips other than mentioned in the approved scrips list.

Unsettled Sell/Buy: Shares traded whose settlement is still pending from exchange.

POA Client: Trading clients having POA DP with us.

Non POA Client: Trading clients having DP without POA.

Pool Stock Valuation: Valuation of stock in Pool a/c (Shares hold for debit and delivery pending from exchange only after applicable haircut)

Collateral Available: Valuation of Pledge stock in Cash and F&O Segment. (Only after Applicable Haircut for approved scrip's)

Deposit (POA):

- Ledger balances (NSE CM, BSE CM and NSE F&O) + Cash Margin + Non-Cash Collaterals Available + Pledge Holding valuation + Unsettled buy (only after Applicable haircut for approved scrip)

Deposit (Non-POA):

- Ledger balances (NSE CM, BSE CM and NSE F&O) + Cash Margin

Derivatives Margin: Margin charged by exchange for the particular contract.

Net worth: Ledger Balance + Stock holding valuation (after applicable Haircut %) +/- Real Time MTM.

Online Client: Client who can able to trade through WEB / EXE Module as well as from Dealer will be treated as online client.

Offline Client: Client who can able to trade through Dealer only will be treated as offline client.

LIMIT POLICY**Cash Segment: Ledger Balance of NSE CM, BSE CM and NSE F&O + Approved Pledge Stocks.**

Group	Intraday Margin Required as per Exchange VAR +ELM (Additional CD Margin 10%)
A	12.5%+10%
B	30%+10%
T,Z,BE,ST,SM,XT	100%

Note: Illiquid, GSM, ASM and unsolicited SMS stocks may be blocked. In case of T & Z category stocks buying can be allowed to the extent of 1 time of Client's Margin Available with us.

For Both Intra –day and Delivery trades, UPFRONT margin (VAR+ELM) has to be provided in Advance of trade on both Buy & Sell trade.

W.e.f 1st September 2020, credit for sale can be considered as margin from trading days subject to Early Pay-in (EPI) accepted by the clearing corporation on T day ,According ,New position well not be allowed on the same day credit of the sale value i.e. on the day when the stock sold

On account of the regulatory changes, there will changes in the exchange exposure process. share lying in the demat account of the client cannot be considered for granting limit/exposure .the trading exposure will be granted to clients only on the clear credit balance and value of pledged share after appropriate haircuts

Derivatives Segment: NSE F&O:

NSE F&O SEGMENT: -: Ledger Balance of NSE CM, BSE CM and NSE F&O + Approved Pledge Stocks for NSE F&O Segment.

Category	Intraday Limits (Margin / Intraday Product)	Carry forward (Carry forward Product)
Futures Segment	1 times	1 times
Option Segment	1 times for Buy and 1 times for Sell	1 times

SQUARE OFF POLICY

Timer Based Auto Square Off: For Intraday Trades, Timer based Auto Square will be done as under: -

SEGMENT	Square Off Timing (Monday to Friday)
BSE CASH	3:20 p.m.
NSE CASH	3:20 p.m.
NSE F&O	3:20 p.m.

Please Note: - Timer Based Auto Square Off will be done in case of both Online as well as Offline Clients. Trades executed under Margin/Intraday Product, Positions / Stocks will be squared off by the system at the above mentioned time in respective segments irrespective of the funds available or MTM Profit earning on that day, and if anything wants to carry forward, then client has to do Position Conversion from Intraday to Delivery/Carry Forward and to the extent of positions allowed to be carry forward will be permitted in respective segments.

MTM Based Square Off:

“MTM Based Square Off will be done when MTM Loss reaches at 80% in case of all Clients, Online as well as Offline in all Segments without any notice”.

* If due to technical issues, if Auto Square Off / MTM based Square Off couldn't happened then client will be responsible for losses incurred if any.

Other Square off (Ageing Debit / Margin Shortfall / Holdback Securities):

Cash Segment:

Margin required (shortfall arising after considering Collaterals and Ledger) + MTM losses need to be furnished to avoid RMS square off. Clients whose risk coverage percentage comes below 125 % (% can vary as per market volatility) of the deposit available, stocks of such client will be squared off to the extent of the debit. For e.g. Client having combined ledger balance of 1 Lac debit where as his stock valuation falls below 1.25 Lacs, client's positions will be squared off up to the extent of his debit i.e. 1 Lac.

To comply with the provisions of the SEBI circular on CIR/HO/MIRSD/DOP/CIR/P/2019/75 dated June 20, 2019, in the event of non-payment the unpaid securities shall be disposed-off within 5 trading days from the date of pay-out. Unclear Fund will not be considered to hold debit balance liquidation within five trading days from the date of payout and further buying/exposure will not be allowed in case of debit balance for more than five trading days. Partly paid securities (unpaid/ Holdback securities) kept in "Client Unpaid Securities Account" (CUSA) shall be transferred to client demat account upon payment of the entire amount due. For securities sold by the client the primary consideration would be given to the Beneficiary account of the client to meet the pay-in obligation.

Securities will be liquidated if the client fails to meet its funds pay-in obligation from the pay-out day and client shall not be allowed to purchase back the securities so sold. RMS shall continue to have the absolute discretion to sell any of the securities available in CUSA or Client Collateral Account to clear off debit in client trading account.

F&O Segment:

Margin required (shortfall arising after considering FO pledge Collaterals and Ledger) + MTM losses need to be furnished to avoid RMS square off, the fund collection status for the same needs to be intimated to RMS team.

FO Collaterals will not be considered for MTM losses incurred. Positions taken on the bases of Cash stock valuation need to be squared off within the day, the same should not be carried forward. FO positions will be squared off if the client's net worth reaches below 70% of margin required or client needs to sell his cash holding (if any).

Inactive Trading account: - Inactive account refers to such account wherein no trades have been carried out since last 12 (Twelve) months across all Exchanges The inactive accounts shall be flagged as 'Inactive' and any further transaction by such client should be allowed only after undertaking sufficient due diligence (including IPV) and obtaining the updated information related to KYC from the concerned Client.

Note:

- The debit amount in any of the segment needs to be collected from the client even if credit lying in other segment.
- In case the Margin trades are not squared off by system, you are requested to intimate the same to RMS Dept latest at least 10 minutes before market closes so that the client's position could be squared off. The company will not be responsible for any unsettled trades and losses arrived due to technical mishaps.
- No limits will be given on the bases of DP stocks without POA.
- Squaring off positions of risky clients is not the sole responsibility of RMS Dept. It would be highly appreciated if concerned RM / Dealer takes initiative for the same and prevents Company from incurring losses.
- Penal Charges: For debits in the client's account beyond T + 2 day, Interest would be charged till the date of realization of cheque or till the payout day for sale transaction.
- Funding Penalty – No further exposure may be granted once we have charged Deferred Payment Charges to a client.
- Set off will be done for AP Clients' uncovered debits against AP Deposit / Unpaid Brokerage.
- Pledge form need to be signed by the client else code blocking there off may be done in case the same is not settled with the intimation to regions.
- Carry over positions in F&O Segment will be strictly 1 time of Ledger Balance and Stocks Pledged (after Hair Cut) in purview of new SEBI and Exchange Circular.
- Please take the note that RMS Division / Company shall not be liable for any loss arise due to RMS selling on non-payment as well as loss in case where Selling may not be done as mentioned above by RMS due to any reason.
- FUNDS PAYOUT WON'T BE RELEASED AGAINST PREMIUM RECEIVED ON WRITING OPTIONS BY CREATING OPTIONS SHORT POSTIONS. Hence, In case of Options Short, Cash Margin has to be there against Margin levied on Open Positions and only to the extent of excess of Cash Margin over Margin levied on Open Positions may be released as Funds Payout whenever requested.

- The Company reserves the right to amend/modify any of the policies/procedures mentioned above from time to time in general or depending upon the Exchange /SEBI regulatory guidelines / external conditions and our internal risk management framework, and the customers can obtain such change/ modification from the Company's website.
- Clients are advised to verify their Free DP Holding before initiating the sale of any stock. Instances may arise where BTST stocks appear in the trading account but are not received yet in the DP holding due to issues such as delays in the settlement process with CDSL as the Payout of Securities are generally processed on T+1 day after 2 PM. It is important to note that BTST transactions carry inherent risks. Since the delivery of shares from the exchange may be delayed, there is a possibility of auction delivery. As a result, the company does not encourage BTST trading to avoid such risks. However, if a client chooses to proceed with BTST transactions, they must acknowledge and accept the auction risk involved. The company will not be held responsible for any losses, penalties, or liabilities arising from auction delivery due to such trades.