

## RISK MANAGEMENT POLICY

### FOR ACCOUNT OPENING

1. We have trained and experienced personnel to verify the genuinity of the clients and their documents.
2. Accounts are opened after being verified with originals
3. In Person verification of clients is done by our staff.
4. Unknown persons without any references are not allowed to open accounts

### TRADING

The clients are being verified by our dealers before placing any orders.

The clients are contacted for confirmation after the trading is over.

The orders of the following clients will be rejected by RMS System

1. Debit balance clients
2. Non-KRA clients
3. Non-Fatca clients
4. Non-CKYC individual clients
5. Dormant Clients
6. More than 5 day Debit Clients
7. Disabled Clients
8. Non-Annual Financial Updation Derivative and Corporate Clients

The default limit is set at 10 times of the deposit available .i.e 10x(Up to date Ledger Balance+ Up to date Stock Value after deduction of Var Value)

#### **Client is suspended from trading:**

1. If there is any commencement of legal proceedings against the client under any law in force.
2. On the death/Lunacy or other disability of the Client
3. If there is reasonable apprehension that the Client will unable to pay its debts or the Client has admitted its inability to pay its debts, as they becomes payable.
4. If the Client is in breach of any term, condition specified in the Account opening Form or by the regulatory.

## **SETTLEMENT RISK**

1. The client who unable to payin for the shares sold by him, is purchased as soon as we get information of unavailability of shares with him.
2. We purchase the shares in his account who default in payin and provides payout to the person who has not got shares due to this internal shortage.

## **FOR DATA RISK**

1. We take backup as per our Backup Policy
2. One copy of backup is kept in a Fire Proof Cabinet and another copy is kept at a remote location.

## **FOR MONEY LAUNDERING RISK**

We follow the PMLA policy for opening and monitoring of suspicious transactions.

## **FOR INFORMATION SECURITY RISK**

1. The password generation/reset is only done by clients with their devices and we don't generate password for the clients.
2. No person other than client can view the password of the internet trading/Mobile trading software and backoffice softwares.
3. We have firewall, antivirus and anti spywares and we regularly monitor for the security breaches.

## **CREDIT RISK**

1. The client is not allowed to take further position after continuous debit for 5 days.
2. The clients with debit balance for 5 days are informed to sell their positions to recover the debit balance.
3. If the clients denies to sell or square up their positions, then we square up/sell their positions/shares to release the debit amount.
4. The shares for which payment is not received are transferred to the Client Unpaid Securities Account which is explained below in detail.

### Client Unpaid Securities Account

1. Securities that have not been paid for in full by the Clients (Unpaid Securities), will be transferred to "Client Unpaid Securities Account".
2. The Client will be informed to dispose off the unpaid securities by 5<sup>th</sup> Trading day after the Purchase date. The client's securities will be sold on FIFO (First in & First Out) basis. Means the oldest purchase will be sold first.
3. If the client has purchased multiple shares on a single day and made partial payment, the unpaid amount of shares will be sold on pro-rata basis i.e. explained in the following example:

Name of Share	Qty	Value	Qty_to be Sold	Value Release
A	100	2500	40	1000
B	50	10000	20	4000
C	200	50000	80	20000
TOTAL		62500		25000
TOTAL UNPAID VALUE-25000 (25000*100/62500) 40% OF TOTAL VALUE, 40% QTY OF EACH SHARE TO BE DISPOSED OFF				

4. In case of partial payment, we can retain full value of securities till the 5th day from the pay-out date in "Client's Unpaid Securities Account" and such securities will be transferred to the Demat Account of the respective Client only upon fulfillment of clients' funds obligation.
5. In case of old debit of client is not realized in full by way of receipt of funds in our bank accounts or by way of realizing pay out as a result of liquidation of securities, then he will not be allowed to initiate the buy trade in the same day in the respective client's account until receipt of funds.
6. The client can instruct to sell the shares lying Collateral/Collateral account for adjustment towards the unpaid amount of securities lying in the Unpaid Securities Account.
7. The securities from the Client Unpaid Securities account/Pool Account can be transferred to the client demat account despite having unpaid balance in the ledger for the said securities by taking into consideration the following:

- a. Excess collaterals available
- b. Negligible debit amount less than Rs.500
- c. Future credit after receipt of payin shares

After taking into consideration the above factors, the Directors may allow for the transfer of shares to client demat account.

### **F&O Margin**

1. The securities received from client towards margin can be transferred to Client Collateral Account and can be pledged with the Clearing Member against the Margin Obligation of the Client.
2. The securities lying in the Unpaid Securities Account
  - a. can be considered towards reporting of margin obligation in the derivative segment after adjustment of debit balances in such client ledger.
  - b. cannot be pledged to Clearing Member of Corporation
  - c. cannot be transferred to Client Collateral Account.
3. The securities can be transferred from client demat account under POA upto maximum of 225% of the T day margin requirement.