

**Additional Risk Management Policy w.r.t. SEBI Circular No.  
CIR/HO/MIRSD/DOP/CIR/P/2019/75&CIR/HO/MIRSD/DOP/CIR/P/2019/95.**

**Right to sell clients securities or close client's positions, on account of non-payment of clients dues**

SEBPL shall be entitled to liquidate/close out all or any of the clients position including securities held in "Client unpaid securities account" as well as "Client securities pledge with Member accounts" towards margins for non-payment of margins or other amounts including the pay-in obligations, outstanding debts etc. and adjust the proceeds of such liquidation/close out, if any, against the clients liabilities/obligations. In such event client shall be solely responsible for all the losses and also liable for all and any penalties and charges levied by the exchange(s). Prior intimation in this regards will be communicated to Client.

SEBPL may transfer all or part of the securities from Pool account to client's beneficiary account in spite of having debit balance in Client account.

If buyer fails to meet his/her/its fund obligation by Settlement day, the securities will be transferred to the buyer's demat account along with the creation of an auto – pledge in favour of SEBPL Client unpaid securities Pledgee Account (CUSPA) account. If the client fulfills the fund obligation within 4 trading days from the payout day (T+1+3), the pledge will be released and the securities will be available as free balance in the Client's demat account. SEBPL shall have the right but not obligation to Sell clients securities or close out client's position.

**Deregistering a client:**

SEBPL may de-register the client account based on action taken by SEBI/NSE/BSE/ Depositories or being part of list of debarred/ defaulter entities published by SEBI or any other relevant agencies . 14

SEBPL L may also initiate action for deregistering a client / Block trading account of a Client on basis of information found in sites of CIBIL or legal matter or client having suspicious back ground, link with suspicious organization, etc.

SEBPL shall have right to close out the existing positions; sell the collaterals to recover its dues, if any, before de-registering the client.

SEBPL may freeze the shares of the client where it deems prudent, at time of de-registering a client.

This risk assessment and management policy shall subject to change and modification, if needed, considering the dynamics of operations, business plans and strategy of managements from time to time.

**Graded Surveillance Measure (GSM)**

SEBI and Exchanges in order to enhance market integrity and safeguard interest of investors, had introduced GSM. The main objective of these measures is to, Alert and advice investors to be extra cautious while dealing in these securities and advice market participants to carry out necessary due diligence while dealing in these securities. Further, SEBI and Exchanges, have also advised that along with the aforesaid measures there shall be additional Graded Surveillance Measures on securities which witness an abnormal price rise not commensurate with financial health and fundamentals like Earnings, Book value, Fixed assets, Net-worth, P/E multiple, Market Capitalization etc. The list of such securities identified under GSM shall be informed to the market participants from time to time and shall be available on the exchange's website.

Additional Surveillance Deposit (ASD) is an amount paid only in the form of cash on securities of companies falling under the GSM Stage II and higher . It is retained for a minimum of one month or until the quarterly review of the GSM Stage Securities , whichever is earlier . It is released if the security moves to GSM stage I after review . Release is done on a monthly basis ( on the second calendar Monday ) . It is charged to the buyer (even if they engage in another Sell transactions in the said Security ). It is not charged to the seller. It is not refunded or adjusted , even if the purchased securities are sold before the quarterly review. The sale is not considered for any exposures as well . ASD is charged over and above existing margin or deposit requirements levied by the Exchanges on transactions in such companies .It is released on a monthly basis on the second calendar Monday of the second month or until the exit of the security in the review of the Surveillance stages , whichever earlier .

### **Additional Surveillance Measure (ASM)**

SEBI and Exchanges in order to enhance market integrity and safeguard interest of Investors , have been introduced various enhanced pre-emptive Surveillance measures such as reduction in price band , periodic call auction and transfer of securities to trade to trade from time to time .

In continuation to various Surveillance measures already implemented, SEBI and Exchanges, pursuant to Joint Surveillance meetings have decided that along with aforesaid measures there shall be Additional Surveillance Measures (ASM) on securities with Surveillance Concerns based on objective parameters viz. Price / Volume variation, Volatility etc.

High low variation  
Client Concentration  
Close to Close Price Variation  
Market Capitalisation  
Volume Variation  
Delivery Percentage  
No.of Unique Pans  
PE , etc.

Circular or Insider trading is strictly prohibited, action shall be initiated against any trade resulting in to price rigging.

SEBPL shall not be responsible for non-execution / delay in execution of orders in restricted scrips and contracts and consequential opportunity loss of financial loss to the Client . SEBPL shall have the discretion to place such restrictions , notwithstanding the fact that customers has adequate credit balance or margin available in Client account or Client had previously sold such securities / contracts through SEBPL Itself . SEBPL has the right to revise the list of such Securities / Contracts on a periodic basis. SEBPL shall adhere with the SEBI /Exchanges specified norms and accordingly deals with the Clients

Monitoring pay in timelines by the TMs: Ensuring and monitoring that the Pay in are timely receipt from the Trading Member.

In case of any Shortfall or of repeated Instances, the same shall be escalated to the Compliance Officer and Managing Director and shall be treated as per companies RMS Policy.

Monitoring penalties levied to clients of the Trading Members:

To check and analyse the penalty if any levied on the client of Trading Member and TM also , and the steps taken by the TM for the same. ( penalties will be passed on according to SEBI /Exchanges norms ).

Monitoring misuse of client collaterals by TM for proprietary trading:

Ensuring that the TM has proper segregation for his Own and that of client funds and that the same is not comingled and misutilised for own purpose.

Assessing the Correctness of data submitted by TMs to CM:

Assessing and ensuring that the correct data has been submitted by the TM to the company before making any submissions to the respective exchanges and CC.

The company may carry out the surprise inspection of the TM as such or based on any rumours or any news etc. or May relied on the Half Yearly Internal Report which is submitted to the respective exchanges by the TMs.

Formation of Risk Management Committee:

Forming the Risk Management Committee to monitor the various risk involved in the business and how to mitigate the same and also Periodic Report (on quarterly basis) shall be submitted to such committee for the clearing activities been undertaken for the clients

Reporting of alerts by Clearing Members:

In case of any suspicious transactions, the company shall report the same to the CC who in turn if require shall be reporting to the respective exchanges and FIU .

Internal Audit of Clearing Members:

The company shall be monitoring the activities w.r.t that of TMs and CP of whom the clearing activities are undertaken and in case of any defaults or non – compliance observed, the same shall be escalated to Compliance officer and Managing Director for further course of action.

On Periodic basis, the performance evaluation of the TMs and CMs shall be carried our not later than that of quarterly basis.

In case of any shortfall observed in margin reporting margins on Consolidated Crystallized Obligation or governance issues etc. or any repeated instances of the same w,r,t TMs and CPs, the company shall ask for the additional data and to update the same to Compliance Officer, Managing Director and CC for the same. In our case we are TCM but no trading member are associated with us, only Clients with CP Codes are clears trades through us. So RMS Team monitors position of Clients , Margins , Cash and Collateral available with us , Shortfall in Margin if any , RMS team calls Clients / Branches / AP / region for Risk Monitoring .

Ensuring that there is proper procedures and clear segregations of Trading Members Prop account and that of client account of the respective trading members. Further, ensuring that the TM has proper segregation for his Own and that of client funds and that the same is not comingled and mis-utilised for own purpose.

The company on periodic basis shall carry out the inspection of TMs or shall rely on the Half Yearly Internal Audit Report of the Trading Member.

As per internal policy, the company shall have cap w.r.t collateral in the form of securities and that of Cash (BG, FD and normal Cash balance) to 50:50 for the clients other than that of Group company clients, to avoid concentration risk.

FDR and BG shall be accepted from the TMs in the favour of the company from all the schedule banks.

Only client stocks appearing on the approved list of NSE and BSE (after removing the illiquid scrips as appearing on NSE and BSE (Illiquid list) shall be considered for margin purposes. However, the Risk Head can decide any specific inclusion or exclusion from the collaterals based on exceptional circumstances by giving prior approval in writing.

The company shall be accepting the collateral in the form of cash and non-cash form (i.e in the form of FD, BG, Securities, Cash etc.) as per the internal policy of the company and that as minimum ratio as prescribed by the respective exchanges. In any case, cash component should not be less than 50 %.

The Company shall be applying the haircut for each scrip shall be applied on the basis of VAR Margin Rate declared by the exchange from time to time for the all collaterals other than that of FD, BG and Cash collateral.

Ensure that the collaterals received are from the client's designated DP account and not from third party.