

## **Risk Management System & Policies**

We have a separate RMS Department having ample manpower strength of executives and headed by Vice President. The branches and sub brokers are divided among the RMS executives so that all the trading locations and all the clients across these locations are monitored on real time basis.

The trade files of both Capital Market & Futures and Options segment are processed on real time basis intraday and the exposures and the MTM are being monitored. The Client deposits are uploaded on the trading server and the trading limits are given in accordance with their deposits available with us. The trade file is being processed in our Risk Management Software on real time basis intraday and all MTM losses and exposures are being monitored by executives. Similarly the payments, deposited by the branches in our banks online are verified consistently by our Banking executives' so that the deposits/ exposures to clients can be enhanced accordingly.

All payments due from clients are also being followed by us on the T day and T+1 day so that payments are collected before pay-in deadline. Surveillance on the trades executed by the clients is also kept to avoid any manipulative activity. Parasram shall have the right to sell client's securities, both unpaid securities as well as collaterals deposited towards margins, or close out client's open positions, without giving notice to the client where there is a delay /failure of the client to the pay-in obligations and/or there is a failure of the client to bring additional margins to cover the increase in risk in the dynamic market conditions.

Refer to above and in case of client does not make payment for Deliveries purchased/debits before Pay-In, Securities of such clients are withheld and kept in Client Unpaid Securities Account. Such held securities are sold by TM in case the client does not make payments.

For the purpose of providing collateral in form of dematerialized securities as margin, a client shall initiate the margin pledge only in favour of the TM/CMs. To execute margin pledge, the client must have given a power of Attorney (POA) to the demat account in favour of TM/CM.

The Client shall maintain 50% cash margin in his account for margin debits. Remaining 50% margin can be adjusted against approved shares after hair-cut/Var from collateral account. In case where 50% cash is not collected delayed payment/interest will be charges for such shortfall including debit balance on account for delay payments.

### **Short Deliveries (T+1 Settlement) - Auction and Close-out Rates:-**

All Short deliveries (T+1 Settlement) which are internal (Client-to-Client) shall be compulsorily squared off at higher of closing price of T day plus 5% or closing price of T+1 ( auction day).Client must ensure that shares are delivered before the pay-in day/time to the correct settlement.

Debits in client accounts including debits of funding under Margin Trading Facility should be covered fully by clients' securities with a minimum of Exchange/SEBI Requirements. The TM may require additional margins in view of the market conditions and risks in the markets. In case margin of a client falls short and falls below 30%, the TM shall make a margin call to the client. If the client fails to bring in funds within a period of maximum of five trading days, and / or if the margin of the client is not sufficient to cover the probable fall in the market or falls below 10%, TM may liquidate client's securities to make up the shortfall. In case clients margins falls below the threshold limit of 10% the TM may not wait for the client to bring in margins and liquidate the securities immediately.