**POLICIES & PROCEDURES**

**Return of Excess Securities: -**

In compliance with SEBI Circular CIR/HO/MIRSD/DOP/CIR/P/2019/75 dated June

20, 2019 and FAQ issued by the Exchanges on the said Circular, Client may transfer the

Securities in “Client Collateral Account/”Collateral Account” towards the margin

Obligations. Excess securities of the clients, if any, held in “Client Collateral/Collateral”

Account shall be released to clients along with their funds’ settlement (i.e. once in every

30/90 days) after making necessary retention in accordance with NSE circular

NSE/INSP/36889 dated 02-Feb-2018. In case there are no fund payables to clients,

securities shall be settled to the client in the same periodicity as consented by the client

for the settlement of fund.

**Liquidation of Securities in case of Non-fulfillment of client’s funds obligation –**

In compliance with SEBI Circular CIR/HO/MIRSD/DOP/CIR/P/2019/75 dated June

20, 2019 and FAQ issued by the Exchanges on the said Circular, if the client is not able

to fulfill Funds Obligations, then the unpaid securities shall be transferred to “client

unpaid securities account” either to be disposed-off within 5 trading days from the date

of pay-out or may be transferred to client’s demat account as per the Risk Management

(RMS) Policy of the “Parasram”.

**Payment Terms:-**

As per the SEBI Circular CIR/HO/MIRSD/DOP/CIR/P/2019/75 dated June 20, 2019 and FAQ

Issued by the Exchanges on the said Circular, the client is required to fulfill the pay-in

Obligations on or before T+2 day. If the client fails to meet its funds pay-in obligation on T+2

day, then the securities may be liquidated within 5 days from the Pay-out date or returned to the

client as per the RMS policy of the Parasram. Profit/loss on the liquidation of the unpaid securities,

if any, shall be transferred to/adjusted from the respective client account. The losses, if any,

Incurred due to liquidation of the unpaid securities shall be adjusted from the other collateral of

the client deposited with Parasram.

**Additional Risk Disclosure documents for Options Trading**

**Risk of Option holders:**

1. An option holder runs the risk of losing the entire amount paid for the option in a relatively

short period of time. This risk reflects the nature of an option as a wasting asset which

becomes worthless when it expires. An option holder who neither sells his option in the

secondary market nor exercises it prior to its expiration will necessarily lose his entire

investment in the option. If the price of the underlying does not change in the anticipated

direction before the option expires, to an extent sufficient to cover the cost of the option, the

investor may lose all or a significant part of his investment in the option.

2. The Exchanges may impose exercise restrictions and have absolute authority to restrict

the exercise of options at certain times in specified circumstances.

**Risks of Option Writers:**

1. If the price movement of the underlying is not in the anticipated direction, the option writer

runs the risks of losing substantial amount.

2. The risk of being an option writer may be reduced by the purchase of other options on the

same underlying interest and thereby assuming a spread position or by acquiring other

types of hedging positions in the options markets or other markets. However, even where

the writer has assumed a spread or other hedging position, the risks may still be significant.

A spread position is not necessarily less risky than a simple 'long' or 'short' position.

3. Transactions that involve buying and writing multiple options in combination, or buying or

writing options in combination with buying or selling short the underlying interests, present

additional risks to investors. Combination transactions, such as option spreads, are more

complex than buying or writing a single option. And it should be further noted that, as in any

area of investing, a complexity not well understood is, in itself, a risk factor. While this is not

to suggest that combination strategies should not be considered, it is advisable, as is the

case with all investments in options, to consult with someone who is experienced and

knowledgeable with respect to the risks and potential rewards of combination transactions

under various market circumstances.

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