Risk Management System Policy (RMS Policy)

An effective Risk Management System (RMS) is crucial for maintaining an efficient and robust risk framework. Our RMS is comprehensive and continually updated in accordance with the latest Exchange guidelines, SEBI regulations, PMLA norms, and market trends.

The RMS model at RWSPL includes RWSPL-owned branches, franchises, sub-brokers, and authorized persons. All staff members, branch managers, sub-brokers, and authorized persons are required to understand and adhere to this policy, as it is integral to our company's operations.

1. Key Functions of the RMS:

- **Capital Adequacy**:
  Ensure sufficient capital for client exposure and requirements.
- **Order Monitoring**:
  Track client order patterns, trade activities, and rejections; adjust exposure/limits as necessary.
- **MTM Tracking**:
  Monitor Mark-to-Market (MTM) profit and loss from trades.
- **Margin Benchmarking**:
  Compare client margins against their exposure.
- **Position Management**:
  Decide on squaring off positions due to MTM losses, margin shortfalls, or other factors.
- **Risk Assessment**:
  Evaluate the risk profile of clients and securities to set appropriate exposure limits.
- **Compliance Monitoring**:
  Ensure adherence to regulatory guidelines and internal policies.
- **Alert Systems**:
  Implement real-time alerts for unusual trading patterns, margin calls, and other risk indicators.
- **Reporting**:
  Generate regular reports on risk metrics, client exposure, and compliance status.
- **Training and Awareness**:
  Conduct training sessions for staff on risk management practices and updates.

Risk management in relation to all the trading activities for Clients is handled by RMS & Surveillance Dept.

RWSPL will not be held responsible for any consequence or loss arising in the process of adhering or forgoing any part to this policy, client will have to bear any consequence or loss arising.

RWSPL will have all the rights to periodically review and revise/update this policy.

This Risk policy is from the desk of Risk management and it is merely a document for communication and cannot be used against RWSPL for Legal stand. It only broadly lays out the RMS practice of the company.

All the guidelines and rules in this policy are subject to change, without any prior intimation, as per market conditions according to the decision of the approval management committee and guidelines from SEBI/exchanges from time to time.

2. Client exposure and Limits

1. EXPOSURE Allowed:

Particular	Equity (NSE & BSE)	Derivative (INDEX, EQUITY, CURRENCY, COMMODITIES)
Intraday	1-5 times Exposer as per the VaR of the securities.	Actual margin in Future as per SPAN & Full premium amount in Options.
Delivery/ Carried Forward	1-5 times Exposer as per the VaR of the securities. With a minimum 20% margin set as default for VaR less than 20%. MTF margin will be as per exchange norms The company reserves the right to adjust the margin requirements (VaR + ELM) based on perceived risk.	1 times of limit set Company may choose to top-up the margin (Additional margin) if it perceives higher risk or decrease the same if the case is vice versa.

2. Limit Setting:

- Limit is set on combined basis for Cash, F&O, Currency & Commodities segments
- [Clear Ledger balance] + [Re-Pledge Stock*]- [O/S Sell]
- Cash & Collateral ideal ratio will be 50:50
- (For e.g. If cash margin is Rs. 25,000/- then collateral sec. will be accepted worth value of Rs. 25,000/- only (A. HC))
- If a higher percentage of Pledge stock is accepted, then interest may be charged for shortage in cash component at 18% per annum.
- Shares Pledge by clients toward margin by way of Pledge-Re-pledge mechanism of CC may be considered for giving exposure.
- Securities value will be considered after applying a haircut, which will be either 20% or VaR, whichever is higher.
- All MTF non-approved stocks and illiquid securities will carry a 100% haircut.
- Treatment of uncleared cheques will be managed as specified elsewhere in the document.
- Provisional margin shortfall penalties and late payment fees will be blocked from the clear balance during payout.

3. Setting Up Client's Trading Power:

- **Exposure Limits**: The Exchange may periodically set client exposure limits for market orderliness. Clients must trade within these limits as determined by the Broker, based on the value of funds and securities after applying the appropriate haircut.
- **Limit Adjustments**: RWSPL may adjust limits based on risk perception, client risk profile, and other relevant factors, including regulatory directives. Clients may not always be notified in advance of such changes. RWSPL is not liable for any resulting inability to place orders.
- **Discretionary Trading**: At the Broker's sole discretion, clients may be allowed to trade beyond set limits or have their limits increased. Clients must promptly address any margin shortfalls without waiting for reminders.
- **Margin Computation**: The available margin is calculated considering:
    - Combined segment margin limits
    - Clear credits in settlement and margin ledger accounts
    - Pledge and Repledge holdings (after applicable haircut)
    - Online fund transfers or held amounts via bank gateway
    - Credits from securities sales on EPI of securities accepted.
    - Margin amounts of open derivative positions
- **Approved Securities**: Exposure limits apply only to approve securities, subject to change by Exchanges/RWSPL. Haircuts may be revised as needed.
- **Derivatives Trading**: Clients can trade derivatives only within the position limits set by Exchanges/Regulators.
- **Approved Collaterals**: The list of approved collaterals and applicable haircuts is subject to periodic revision.
- **Settlement Compliance**: For smooth settlement, clients must ensure full payment against purchases and delivery against sales reach the broker's bank and DP account by T+1 or 9:30 AM on T+1.
- **Penal Actions**: Failure to deposit funds or deliver shares on time will result in penal actions at the Broker's discretion, including non-delivery or sale of shares, penalties for short delivery, and auctioning of shares by the Exchange.

4. Intraday Square-Off Timing:

Cash & F&O: 3:15 PM, Currency: 4:45 PM, Commodity: 11:15 PM*

Intraday Timing may change if there is a change in exchange closing time.

Intraday positions must be cleared before these specified time frames. Any remaining open positions after these times are subject to automatic liquidation by the system. RWSPL is not liable for any uncovered open positions due to technical failures or other issues.

5. MTM based Square-off:

- Auto square-off triggers may activate when losses reach 75% of the total available margin, based on the margin multiplier and perceived risk of securities/clients. Note that there may be a time lag between triggering and implementation, potentially exceeding the total securities/deposits/collateral.

- In such situations, all customer positions across all segments may be liquidated without prior notice. Additionally, all pending orders may be canceled. RWSPL shall not be held responsible for any failure to liquidate positions, and any resulting profit or loss from such trades will be borne solely by the customer. RWSPL reserves the right to liquidate positions in any segment or security at its discretion, without input from the client.

- In such situations, cheques may not be accepted. Clients are required to transfer funds electronically via NEFT, RTGS, UPI, or IMPS and promptly notify the RMS department. The RMS will make all reasonable efforts to prevent automatic liquidation; however, it shall not be held liable for any failure to do so in a timely manner.

6. T+1+4 Days Sq-Off:

a. All clients having debit on T+1+4th day are required to clear the debits by 10:00 AM. If the RMS department is not informed about the liquidation of the positions by the branch/client/AP, then the same would be cleared from the RMS department. In this regard, the company shall not be responsible for any loss that incurs to the client. The company will liquidate any open position/shares as per the internal system.
b. Any NEFT/IMPS/RTGS/UPI may be done on the previous day. RWSPL may choose not to consider payment done on the same day.
c. Request or guarantee by client to make payment by any method may not be considered for removing the client from the list of liquidation of positions.
d. At time of selling stocks, below mentioned priority is followed:
   - Stock bought last sold first. (LIFO system)
   - Stock from CUSPA Account.
   - Stock from client beneficiary using PoA/DDPI
   - Stock from Pledge/ Repledge
   - However, we do deviate from the same and the same cannot be questioned.

7. Risk based square-off:

- In order to manage risk, margin is required to be collected on a daily basis. If the margin shortage exceeds 10% of the total requirement, appropriate quantities of positions may be squared-off to restore the margin to full compliance. Please note that this can happen well before T+1+4.
- If a position turns illiquid and/or is liable to pose risk, the same may be squared-off even with full margin compliance, if the ledger is in debit in current or coming settlements on T, T+1 or T+2.
- In case a client carries commodity or derivatives position more than 1 times, then he needs to pay margin shortfall before market opening by the way of NEFT/RTGS/UPI and intimate about the same to the RMS department. Cheques may or may not be entertained during such situations. In case the same is not done, the position is liable to be squared off any time.

**Note*: T+1* day *consideration shall not be given to any client, if any instances of cheque bouncing or cheque reversal have taken place in the account.*

8. Right of Sale of Client's Securities or Closing the Client's Open Position Without Notice:

- **Failure to Maintain Margin**: If the client fails to maintain or provide the required margin money to sustain their outstanding market positions, RWSPL has the right, at its discretion, to liquidate or close out all or part of the outstanding market positions to ensure that the available margin covers the remaining positions.
- **Losses and Charges**: Any losses and financial charges resulting from such liquidation or closing out shall be borne by the client. RWSPL also reserves the right to close out any intraday positions under these circumstances.

- **Circumstances for Liquidation by RMS Team**:

A. **Margin Trades**:
If the open position is not squared off or converted to delivery by the client within the stipulated time.

B. **Mark to Market Losses**:
If the Mark to Market (MTM) loss on the open position reaches 60%, 75%, or 80% of the margins placed with RWSPL and the client has not taken steps to replenish the margin or reduce the MTM loss.

C. **Margin Shortfall**:
If the margin or security placed by the client falls short of the requirement or the limits given to the client are breached.

D. **Default on Obligations**:
If the client defaults on existing obligations or fails to make payments/deliver securities to RWSPL within the stipulated time.

E. **Market Volatility**:
In cases of extreme market volatility in particular securities.

F. **Regulatory Restrictions**:
If there are any restrictions imposed by the exchange or regulator on the clients, contract or security.

G. **Illegal Trading Practices**:
If the client is engaged in illegal trading practices, money laundering activities, suspicious trades, or trading in illiquid stocks.

H. **Banned Securities**:
If the client takes or intends to take a new position in a security that is in the banned period.

I. **Adverse Market Conditions**:
If there are unforeseen adverse market conditions or natural calamities affecting market operations.

J. **Non-Receipt of Margin**:
If the margin amount due from the client is not received within the stipulated period.

K. **Initial Margin Shortfall**:
If the initial margin available in the client's account is less than the requirement for SPAN, Exposure, ELM, and MTM margin.

- **Communication Records**: RWSPL maintains proper records of all communications with clients and sub-brokers/authorized persons.
- **Additional Criteria**: The RMS team may add additional criteria for liquidation based on circumstances as deemed necessary.
- **Priority of Liquidation**: The RMS team will determine the priority of shares to be squared off from the client's stock holdings, including which securities to liquidate first and the stock exchange where the securities are to be squared off.

9. Exposure /Limit on Unclear Cheque:

Generally, limits shall not be provided for clients on cheques under clearing under the following conditions:

- When the branch has provided cheque details but the cheque has not actually been presented to the bank.
- No limit is allowed against out-station cheques.
- For every new client, exposure/limits shall be provided only after the clearance of the margin cheque.

- No special approvals will be accepted or entertained for clients with a history of cheque bounces or those with a negative ledger balance.
- In other cases, limits may be provided based on our internal algorithm, considering the existing clear deposits and collateral.
- In certain cases, limits may be provided based on the relationship with clients and/(APs)/(CRMs)

10. Conditions Under Which a Client May Not Be Allowed to Take Further Position or May Have Existing Positions Closed:

RWSPL reserves the absolute discretion and authority to limit a client's volume of business or close any existing positions without prior notice under the following conditions:

- **Regulatory Restrictions**: SEBI or the Exchange imposes restrictions on further exposures due to extreme market volatility or in specific securities or groups of securities.
- **Exposure Limits**: The client or the Broker exceeds or reaches the exposure limits set by the Exchange for a particular security.
- **Doubtful Transactions**: There are reasonable doubts regarding the bona fides of the transaction or the identity of the client, considering the financial status and objectives disclosed in the KYC form.
- **Suspected Fraud**: There are reasonable doubts about the transaction being a cross trade, circular trade, fraudulent practice, or connected with price manipulation or market rigging.
- **Debarment Orders**: SEBI or another competent authority issues a debarment order against the client from buying, selling, or dealing in securities, unless the order is vacated.
- **Banned Securities**: The client has taken or intends to take a new position in a security that is in the banned period. Only square-off will be permitted for open positions.
- **Delivery intention period: Trading** in commodity contracts may be prohibited one day prior to the delivery intention period,
- **Physical delivery**: of commodities may not be permitted.
- **Market Closure**: Due to an abnormal rise or fall in the market, the markets are closed.

RWSPL also has the right to close existing positions of the client under the above circumstances. RWSPL shall not be responsible for any loss incurred, and the client shall indemnify RWSPL against any such losses.

11. Refusal of Orders for "Penny Stocks" (Illiquid Stocks):

A security that trades at a relatively low price and has a small market capitalization is classified as a penny stock. These stocks are generally considered highly speculative and high risk due to their lack of liquidity, large bid-ask spreads, small capitalization, and limited market following and disclosure. Depending on market conditions and the RMS policy of the company, RWSPL reserves the right to refuse to provide limits for penny stocks. Any losses incurred due to such refusal shall be borne solely by the client.
RWSPL places special emphasis on dealing with penny stocks. Therefore:

- **Discretionary Refusal**: RWSPL may, at its discretion, refuse to execute any client orders in penny stocks.
- **Approval for Large Orders**: Any large order for the purchase or sale of penny stocks requires prior approval from RMS and will only be processed through the Head Office.
- **Client and Manager Responsibilities**: It is the responsibility of the client, as well as the respective Branch Manager, Dealer, or Relationship Manager (RM), to ensure that trading in penny stocks does not create artificial volume or a false or misleading appearance of trading.

- **Market Manipulation**: Trading in penny stocks should not be used as a device to inflate, depress, or cause fluctuations in the price of such stocks.
- **Order Price Compliance**: Dealers, RMs, and Branch Managers must ensure that clients do not place orders in penny stocks at prices substantially different from prevailing market prices. Any such order is subject to rejection at RWSPL's sole discretion.
- **Delivery Compliance**: In the case of approved sales of penny stocks, clients must ensure the delivery of shares to RWSPL before the pay-in date.
- **Exposure:** A 100% margin may be required for illiquid stocks, Z group, BE, T group, or any other specific securities as determined by RWSPL.

RWSPL shall not be responsible for the non-execution or delay in execution of such orders, nor for any consequential opportunity loss or financial loss to the client. The company reserves the right to periodically revise the list of such securities or contracts.

12. Penalty/Chargers:

- **Delayed Payments:** Any payment delays beyond T+1 will incur interest at the rate of 18% per annum.
- **Bounced Cheques:** A penalty of Rs. 250/-+ Taxes, will be debited for each bounced cheque.
- **Regulatory Actions Penalties:** Any penalties charged by regulators or exchanges to a specific client will be passed on to the relevant customer.
- **False Commitments:** In instances of false commitment, fake deposit slips, cheques scanned but not deposited, false receipt of cheques, or similar occurrences, the RMS department may deny further exposure, impose debit penalties, or take strict action against the RM, Dealer, BM, AP, or Sub-broker

13. Margin Collection and Reporting:

1. Margin Collection Procedure:

- **Client Limits**: Limits are set according to the margin norms of the relevant exchanges. Clients must provide upfront margin in the form of funds or securities (after applying the appropriate haircut as prescribed by the exchange) before initiating any trades.
- **Margin Requirements**: RWSPL collects adequate margin from clients in accordance with exchange and SEBI norms, using funds or securities. This margin is reported to the exchange as per their guidelines.
- **Setting Trading Limits**: Trading limits are set by the RMS based on the available margin, calculated daily using the trading price from the prior trading day (T-1). Clients can monitor their limits using a secured login provided to them.

2. Maintenance of margin:

Clients are required to continuously monitor and understand their exposure and outstanding debit amounts to ensure sufficient margin is maintained in their trading accounts. While R.Wadiwala Securities Pvt Ltd will make best efforts to provide prior intimation regarding margin shortfalls, the company reserves the right to liquidate open positions or collaterals in certain scenarios without prior notice. These scenarios include, but are not limited to:

- Insufficient margin balances.
- Increased margin requirements or changes in haircut values for specific securities.
- Clearing outstanding dues resulting from market volatility or sudden price changes.

Key Guidelines:

1. **Maintenance of Margins:**

- Clients must maintain adequate margins at all times to avoid liquidation of positions or collaterals.
- Failure to maintain sufficient margins may lead to liquidation of open positions, which will be executed at the discretion of R. Wadiwala Securities Pvt Ltd without prior notice in extreme situations.

2. **Delivery of Shares:**

- To take delivery of shares, clients must ensure sufficient balance in their trading accounts.
- In case of inadequate balance, R. Wadiwala Securities Pvt Ltd reserves the right to square-off positions.

3. **Intraday Square-Off Timings:**

- Intraday square-off timings for various products are subject to change at the discretion of the risk management department without prior notice.
- If clients do not square-off intraday positions within the stipulated time, R. Wadiwala Securities Pvt Ltd will automatically square-off such positions. Clients have no right to contest the timing or execution of these square-offs.

4. **Derivatives Trading:**

- All open positions in the derivatives segment are subject to daily settlement, which includes realized/unrealized losses and any required margin adjustments.
- Positions in the futures segment are marked-to-market based on the contract’s closing level. Clients must deposit any resulting losses (notional or realized) within the stipulated timeframe to ensure adequate margins are maintained.

5. **Stock Options:**

- For in-the-money long stock options (including potential in-the-money options), clients must maintain sufficient delivery margins as regulated by the exchange. Failure to do so may result in liquidation of positions or collaterals.

6. **Liquidation of Positions:**

- Positions with insufficient funds or margins may be liquidated at any time at the discretion of R. Wadiwala Securities Pvt Ltd.
- While efforts will be made to provide prior notice to clients, securities may be liquidated without notice in cases of extreme market volatility or when potential losses exceed the available funds/margins in the client’s account.
- All resulting charges or debts arising from such square-offs will be borne by the client.

7. **Exchange-Imposed Fines:**

   - Any fines or penalties imposed by the exchange for short margins or other violations will be payable by the client.
   - Penalties levied by clearing corporations for short/non-collection of upfront margins may be passed on to the client if the short/non-collection is due to the following reasons attributable to the client:
     - Cheque issued by the client to R. Wadiwala Securities Pvt Ltd is dishonoured.
     - Increase in margins due to changes in hedge positions by the client or expiry of certain leg(s) of hedge positions.

3. Margin Reporting Procedure:

On a daily basis, the exchange provides margin files to the TM in the F&O and Currency segments. RWSPL reports the details of initial margins collected from their clients for the F&O segment by uploading the MG13 file through the Collateral Interface for Members (CIM).

Mechanism for Regular Reporting of Margin

- **Free Balance**: The free balance available on the current day (T Day) with the client in different segments (BSE/NSE/FO/CURR) of the exchange will be considered for margin collection.
- **Pledge Stocks**: Only Pledge stock given against margin will be considered for margin collection.
- **Valuation of Securities**: The value of securities will be considered subject to a haircut of VAR margin as per the exchange.
- **Approved List Securities**: Margins taken in the form of securities in the approved list are to be valued based on the closing rate on the previous trading day, with an appropriate haircut.
- **Free and Unencumbered Balances**: Only free and unencumbered balances of securities available with the member for the respective client in different segments of the exchange shall be considered for margin collection and reporting.
- **Payout Securities**: Only securities received in pay-out shall be considered after they are actually received from the clearing corporation. However, pay-in received from clients for such securities may be considered while calculating the ledger balance for the purpose of reporting of margins until T+1.
- **Dishonoured Cheques**: Cheques dishonoured, reversed, or not cleared up to T+4 working days should not be considered for margin money.

Any penalties arising from short payments will be debited to the respective client's account on or after T+5 days. Information related to applicable, utilized, and required margins, as well as the balance for each client, will be sent on a daily basis to the respective clients in both segments.

Client Reporting Details

- Client Code and Name**,** Trade Day (T)
- Total Margin Deposit placed by the client up to day T (with a break-up in terms of cash, FDRs, BGs, and securities)
- Margin utilized Up to the end of day T-1
- Margin deposit Placed by the client on day T (with a break-up in terms of cash, FDRs, BGs, and securities)
- Margin adjustments**:** For day T
- Margin status (Balance with the member/due from the client) at the end of day T.

- Reporting will be conducted in strict accordance with SEBI/Exchange-defined norms.
- Our system will be updated to comply with relevant regulations on collection and reporting based on issued circulars.

14. Surveillance:

Strict action will be taken against clients, dealers, CRMs, and/or branch managers engaging in unethical practices, including but not limited to:

- **Synchronized Trading**: Coordinating trades to manipulate the market.
- **Artificial Volume Creation**: Engaging in trades solely to inflate trading volumes on the exchange.
- **Off-Market Transfers**: Executing off-market transfers to multiple clients or consolidating into a single account, despite restrictions on off-market demat transfers. This can still occur under the guise of off-market purchases.
- **Price Manipulation**: Holding concentrated positions in a security to manipulate its price.
- **Unjustified Illiquid Stock Trading**: Trading in illiquid stocks without proper justification or for unknown reasons.
- **Profit or Loss Transfer**: Engaging in trades with the purpose of transferring profits or losses.

15. Quarterly/Monthly Settlement:

- **Settlement Frequency**: Accounts must be settled once every quarter or month, according to the SEBI regulation on Settlement of Running Account of Client's Funds
- **Margin Requirements**: Clients trading in F&O or the Currency segment must maintain a margin up to 225%.
- **Release of Excess Collaterals/Credit Balance**: All excess collateral and credit balances in the client's ledger will be released upon settlement. Quarterly settlements will be conducted across all exchanges and segments.

16. Single Order Limits:

- **Cash Market**: The maximum single order in the cash market may be restricted to 100,000 quantities or Rs.50,00,000 in value. For example, if you intend to purchase shares worth Rs. 50,00,000, ensure the quantity does not exceed 100,000 units.
- **Futures/Options Market**: The maximum single order in the Futures/Options market may be restricted to 500,000 quantities or Rs. 200,00,000 in value. For instance, if you're placing an order in the Futures market, the value should not exceed Rs. 200,00,000, or the quantity should not surpass 500,000 units.
- **Periodic Review**: These limits are subject to periodic review and may be adjusted as necessary to align with market conditions and regulatory requirements.

17. General Provisions:

- **Ledger or Cheque Adjustments**: Family adjustments of ledger or cheque are strictly prohibited.
- **Third-Party Instruments**: Third-party cheques or collateral securities will not be accepted.
- **Risk Allowance for Sub-brokers/AP**: Risk-taking by sub-brokers or Authorized Persons (AP) may be permitted based on the quantum of available deposit or brokerage.
- **Acceptance of DD or P.O.**: Demand Drafts (DD) or Pay Orders (P.O.) will only be accepted if accompanied by the bank account holder's name and the account number debited for the purpose, duly certified by the bank and provided on the banker's letterhead.

- **Intraday to Delivery Conversion**: Positions taken as 'Intraday' can be converted to 'Delivery' subject to sufficient margin or confirmation of fund transfer.
- **Intra-day/Margin Trades Timing**: Intra-day or margin trades will not be permitted after the auto timer square-off time.
- **AMO Conditions**:
  - After Market Orders (AMO) will be cancelled if the entered price is more than (Daily Price Range) DPR in either direction.
  - AMOs will be cancelled if the client does not have sufficient limits.
- **Z Group Trading Restrictions**: Trading in Z group securities may be prohibited.
- **Access Limitations**: Unlimited access will not be granted to any Client ID, Dealer ID, or Branch ID.
- **Power of Attorney (PoA)**: The PoA mentioned in this document is applicable only if the client has a demat account with RWSPL and has given PoA to RWSPL for the purpose of pay-in and/or margin.
- **Margin and Profit Limits**: Mark-to-Market (MtoM) profits will not be added to the total limits given to the customer as this may result in a margin shortfall leading to penalties.

18. Securities Delivery:

- **Delivery to Client's Demat Account**: For clients with a demat account at RWSPL and a Power of Attorney (PoA) for margin and/or pay-in, securities bought for delivery will be transferred directly to the client's Beneficial Owner (BO) account on the pay-out day, However, the company reserves the right to withhold delivery in cases of heightened risk and shares will be held in the CUSPA account.
- **Absence of PoA or External Demat Accounts**: If PoA is not available with the company or the client's demat account is held externally, the shares will be held in the CUSPA account.
- **Margin Shortfall or Risk**: As detailed elsewhere in this document, in any of the above scenarios, securities may be sold off to cover margin shortfalls or perceived risk situations.
- **Continuous Debit**: Securities or positions are liable to be liquidated at any time beyond T+1+4 in cases of continuous debit.

19. Setting Up Terminal/Branch Level Limits:

Trading terminals are allocated to members by exchanges, allowing them to place, modify, and execute orders on behalf of clients. Due to potential punching errors, unusual orders may be placed at high prices, leading to unrealistic order executions and significant losses for the broker. To mitigate such risks, it is essential to prescribe specific limits for each terminal allotted to member brokers.

We ensure that internal controls are documented and updated regularly, covering areas such as order modification/cancellation, client code changes, and post-trade activities.

The following limits are defined for each terminal:

- **Quantity Limit**: Maximum number of units per order.
- **Value Limit**: Maximum value per order.
- **User Value Limit**: Maximum value for each user ID.
- **User Quantity Limit**: Maximum number of units for each user ID.
- **Branch Value Limit**: Maximum value for each branch ID.
- **Spread Order Quantity and Value Limit**: Applicable to the Derivatives and Currency Derivatives segments.

Additional measures include:

- A dedicated risk monitoring team to oversee exposure and limits.
- The ODIN terminal, which can block clients and restrict over-exposure.
- Terminal limits set by a designated RMS official at the Corporate Office.
- Direct terminals are allotted only on an exceptional basis.
- No user or branch will be granted unlimited limits.
- Daily monitoring of limits will consider the following criteria: turnover, exposure, past trends, location, and deposit/collateral.

20. Order Receipt and Execution:

All orders routed through ODIN/NEAT/BOLT are monitored by our risk department. Execution occurs only after confirming the client's financial and margin status.

Dealers ensure the utmost accuracy in executing trades, particularly with regard to client code, quantity, and price. Client orders are promptly executed, and oral confirmation via recorded telephone lines of order placement is provided immediately.

Only registered clients are permitted to enter the dealing room to place orders. Clients are grouped among dealers and sub-brokers at the head office level to facilitate a better understanding of each client's investment strategy, enabling more tailored service. Dealers enter orders instantly upon receiving client instructions. Upon execution of a valid order, dealers confirm the trade with the client to avoid future disputes.

Best efforts should be made to pre-confirm all orders via recorded telephone lines. While this may not always be feasible, at least 70% of orders should be pre-confirmed via recorded lines, self-execution, mobile-based trading systems, or personal presence in the office. If pre-confirmation is not possible, post-confirmation should be provided promptly. Unrecorded mobile-based trades are discouraged.

A trade confirmation SMS, detailing all executed trades, is sent to the client's registered mobile number after trading hours.

Types of Orders Allowed in the Market:

1. **Market Order:**
   A market order is an instruction to buy or sell a security immediately at the current best available price. Market orders guarantee execution but do not guarantee the price at which the order will be executed. They are typically used when immediate execution is more important than price.
2. **Limit Order:**
   A limit order is an instruction to buy or sell a security at a specified price or better. A buy limit order will only be executed at the limit price or lower, while a sell limit order will be executed at the limit price or higher. Limit orders provide price control but may not be executed if the market does not reach the specified limit price.
3. **Stop Order (Stop-Loss Order):**
   A stop order becomes a market order once a specified stop price is reached. It is used to limit losses or protect profits on a security. For example, a stop-loss sell order is placed below the current market price, and once the price falls to the stop level, the order is triggered and executed as a market order.

4. **Stop-Limit Order:**
   A stop-limit order combines elements of both stop orders and limit orders. Once the stop price is reached, the order becomes a limit order rather than a market order. This means the order will only be executed at the specified limit price or better, offering more price control but potentially at the cost of execution.
5. **Good Till Cancelled (GTC) Order:**
   A GTC order is valid until it is fully executed or cancelled by the client. Unlike regular orders that expire at the end of the trading day, GTC orders remain active indefinitely until the desired price is met or the client cancels the order.
6. **Good Till Date (GTD) Order:**
   A GTD order is similar to a GTC order but expires on a specific date set by the client. If the order is not executed by that date, it is automatically cancelled.
7. **Day Order:**
   A day order is only valid for the current trading session. If it is not executed by the end of the trading day, it is automatically cancelled.
8. **Immediate or Cancel (IOC) Order:**
   An IOC order must be executed immediately, either in full or partially, with any unfilled portion of the order being cancelled. This is typically used by traders seeking immediate execution without waiting for the full order to fill.
9. **After Market Order (AMO):**
   An AMO is placed after regular market hours and remains valid until the next trading day. AMOs are commonly used to prepare for market conditions when the market reopens.
10. **Disclosed Quantity Orde:**
    A disclosed quantity order allows traders to specify the quantity of the order they wish to display publicly, while the remaining quantity is kept hidden. This is useful for large orders where the trader does not want to reveal their full hand.

These order types provide investors and traders with flexibility in managing execution, controlling risk, and achieving their investment objectives.

21. Policy on Handling Good Till Canceled (GTC), Good Till Date (GTD) And Aftermarket Orders (AMO)

1. Definition of GTC and GTD Orders

- **Good Till Cancelled (GTC) Orders:**
  A GTC order refers to an instruction to buy or sell a security at a specified price, remaining in effect until it is either executed in full or cancelled by the client.

- **Good Till Date (GTD) Orders:**
  A GTD order refers to an instruction to buy or sell a security that remains valid until a predetermined date or specific condition is met. Upon such conditions being satisfied, the order becomes active and subject to execution based on prevailing market conditions.

- **After Market Orders (AMO):**
  An AMO refers to an instruction to buy or sell a security outside of regular market hours at a specified price. The order remains in effect until the commencement of trading on the next business day.

2. Placement of Orders

Clients may submit GTC, GTD, and AMO orders through available channels, including online trading platforms, mobile applications, or by contacting their Relationship Manager (RM) or Authorized Person (AP) directly.

Each order shall include the following mandatory information:

- The name of the security
- The type of order (buy/sell)
- The quantity
- The price
- For GTD orders, the specified date

Orders may be placed during regular or after-market hours, depending on the specific type of order. GTD and GTC orders may be submitted by selecting the appropriate "Validity" option within the order entry system, while AMO orders may be entered only after the market has closed.

3. Duration and Expiry

GTC Orders: GTC orders remain active indefinitely until they are either executed or explicitly cancelled by the client.

GTD Orders: GTD orders remain dormant until the specified date or condition is met. Upon activation, the order follows the standard execution procedures. GTD orders will remain active until fully executed, withdrawn by the client, or the expiry date is reached.

AMO Orders: AMO orders are valid for the next market session and will remain active until executed, cancelled by the client, or the end of the next trading day.

4. Execution of Orders

GTC Orders: GTC orders are executed when the market price reaches the specified price or better. Partial fills are permitted, and the unfilled portion of the order will remain active until fully executed or cancelled.
GTD Orders: GTD orders are executed upon the fulfilment of the specified trigger condition. Partial fills are allowed, and the remaining portion of the order will remain active until fully executed, cancelled by the client, or the expiry date is reached.
AMO Orders: AMO orders are executed when the market price reaches the specified price or better. Partial fills are permitted, and the remaining portion of the order remains active until fully executed, cancelled by the client, or the market closes.

5. Modification and Cancellation

Clients may modify or cancel their GTC, GTD, and AMO orders at any time before execution or triggering. Modifications may involve changes to the price, quantity, or other specific parameters of the order.
Modifications and cancellations may be made through the same or alternative channels upon the client's request.

6. **Monitoring and Notifications**
   Clients bear the responsibility for monitoring their GTC, GTD, and AMO orders to ensure alignment with their investment goals.
   The firm will notify clients of any significant events affecting their orders, including partial fills or order executions.

7. **Handling of Corporate Actions**
   In the event of corporate actions, such as stock splits, mergers, or dividends, the firm shall not adjust the terms of GTC, GTD, or AMO orders to reflect changes in security prices or quantities.
   It is the client's responsibility to adjust their orders accordingly in response to corporate actions.

8. **Risk Disclosure**
   Clients acknowledge that placing GTC, GTD, and AMO orders involves certain risks, including but not limited to market volatility, price fluctuations, corporate actions, and the potential for orders to remain unexecuted for extended periods.
   Clients are advised to fully understand and review these risks before placing any GTC, GTD, or AMO orders.

By placing GTC, GTD, or AMO orders, clients acknowledge their understanding and acceptance of the terms, conditions, and associated risks as set forth in this policy.

22. Monitoring of Debit Balances:

We have a system for monitoring client debit balances on a daily and online basis. Dedicated resources are allocated to monitor debtors and request margin cheques. Clients are followed up via tele-calling, SMS, and emails, with remarks noted for each client.

- **Trading Restrictions**: No trade will be permitted if the debit balance continues for T+5 days.
- **Recovery of Dues**: No new trades will be allowed until all outstanding dues are recovered.
- **Secured Debits**: Debits in client accounts are secured against Pledge collateral,

Exchanges adhere to a T+1 settlement schedule in the Capital Market segment, with daily Mark-to-Market (M2M) and final settlements in the derivatives segment.

According to RWSPL policy, clients must pay their debit balance on the day of purchase or the following day. Debits not cleared within five days will be resolved by liquidating positions through the RMS department.

23. Client Code Modification:

Trades are executed exclusively on the exchange platform. If any trades need to be transferred due to incorrect punching of codes, the transfer is executed within the exchange platform system.

Client code modifications are accepted only through an email or written letter submitted before the post-closing session. Modifications will be performed within the time limits specified by the respective exchange.

Requests for client code modifications must be sent to the RMS department using the predefined format.

The request should include the exchange order number, trade number, old client code, new client code, and the reason for the incorrect punching.

The risk management department will analyze the reason for the modification, considering the client's ledger account, demat account, trading pattern, etc. If the modification is deemed genuine, it will be approved. Modifications are allowed only for delivery trades where the error was genuine.

Penalties and actions imposed by the exchange against the broker/member will be passed on to the respective client. Additionally, penalties and actions will be taken against the Sub-Brokers, Authorized Persons (APs), Branches, and Dealers involved

24. Margin Shortfall Penalty:

Short-collection or non-collection of client margins in the Equity and Derivatives segments is subject to penalties as per SEBI regulations. According to the SEBI circular stock exchanges shall levy penalties for short collection or non-collection of margins from clients in these segments. The applicable penalties are as follows:

Margin Shortage per Day per Segment	Penalty Percentage
(< Rs 1 lakh) AND (< 10% of applicable margin)	0.50%
(≥ Rs 1 lakh) OR (≥ 10% of applicable margin)	1.00%

Notes:

1. If short or non-collection of margins for a client continues for more than three consecutive days, a penalty of 5% of the shortfall amount shall be levied for each day of continued shortfall beyond the third day.
2. If short or non-collection of margins for a client occurs for more than five days in a month, a penalty of 5% of the shortfall amount shall be levied for each day during the month beyond the fifth day of shortfall.
3. If the short collection of margins from clients is due to a movement of 3% or more in the index (close to close value of Nifty/Sensex for all equity derivatives) on a given day (T Day), the penalty for short collection shall be imposed only if the shortfall continues beyond T+1 day.

25. Temporarily Suspending or Closing a Client’s Account Based on the Client’s Request:

A client wishing to temporarily suspend their trading account must submit a written request to the Customer care department or Account opening department. Upon approval by the department, further transactions in the client's account will be blocked. To resume trading in a suspended account, the client must submit a request either telephonically or in writing to the Customer care department or Account opening department. The department may require updated financial information and other relevant details for account reactivation. Following the submission of the necessary documents and details, and upon account opening department approval, the client’s account will be reactivated, allowing transactions to resume

Similarly, a client wishing to permanently close their account must submit a written request. The decision to close the account will be taken by the Account opening department. Upon approval, the client code will be deactivated. The settlement of securities and funds accounts will be conducted only after ensuring compliance requirements are met and a "no pending queries" confirmation is obtained.

26. Policy on Voluntary Freezing/Blocking of Trading Accounts:

Introduction

This policy outlines the procedures and guidelines for voluntarily freezing or blocking online trading accounts, in compliance with SEBI Circular SEBI/HO/MIRSD/POD-1/P/CIR/2024/4 dated January 12, 2024.

Objectives

- Enhance security and protect clients from unauthorized trading activities.
- Provide clients with control over their trading accounts in case of suspicious activities.

Scope

Applicable to all clients of the stockbroker, both existing and new, effective from July 1, 2024.

Policy Details

1. **Request for Freezing/Blocking:**

- Clients can request to freeze or block their trading accounts via registered email, online portal, or written application.
- The request must include client ID, account details, and reason for the request.

2. **Processing the Request:**

- Upon receiving the request, the timelines for freezing/ blocking will be as follows:

Scenario	Timelines for issuing acknowledgment as well as freezing/blocking of the online access of the Trading account.
Request received during the trading hours and within 15 mins before the start of trading.	Within 15 Mins
Request received after the trading hours and 15 min before the start of trading.	Before the start of next trading session

- A confirmation email or notification will be sent to the client once the account is frozen/blocked.

3. **Unfreezing/Unblocking the Account:**
   - Clients can request to unfreeze/unblock their accounts through the same or other channels.
   - The account will be reactivated after carrying out necessary due diligence including validating the client request within 24 hours of receiving the request.
   - A confirmation email or notification will be sent to the client once the account is reactivated.

4. **Contact Information:**

Clients can contact the customer support team for any queries or clarifications regarding the policy.

27. De-registering a client:

RWSPL may, at its absolute discretion, decide to deregister a particular client under the following circumstances:

- **Regulatory Orders**: SEBI or any other regulatory body has issued an order against the client, prohibiting or suspending their participation in the securities market.
- **Regulatory Indictments**: The client has been indicted by a regulatory body or any government enforcement agency for market manipulation, insider trading, or any other violation of laws, rules, regulations, guidelines, or circulars governing the securities market.
- **Illegal Activities**: The client is suspected of engaging in illegal or criminal activities, including fraud or money laundering.
- **Prohibited Entities List**: The client's name appears on the UN list of prohibited entities or the SEBI debarred list.
- **Client's Death or Incapacity**: The client has died, or is suffering from lunacy or other disabilities.
- **Dormant Account**: The client's account has been dormant for a long time, or the client is untraceable.
- **Partnership Dissolution**: In the case of a partnership firm, if steps have been taken by the client and/or its partners towards the dissolution of the partnership.
- **Obligations Non-fulfilment**: The client has been irregular in fulfilling obligations towards margin or settlement dues.
- **Insolvency**: The client has been declared insolvent, or any legal proceedings to declare the client insolvent have been initiated.
- **Tainted Reputation**: The client has a tainted reputation, and any business relationship with them is likely to tarnish RWSPL's reputation or may be detrimental to RWSPL's prospects.
- **Client's Request**: A client may temporarily suspend or permanently close their account upon submitting an appropriate request. Request forms are available with the account-opening department.

28. Treatment of Inactive Accounts:

Clients who have been inactive for a period of twelve months will have their accounts locked to prevent erroneous order entries. Such clients may reactivate their accounts by submitting necessary KYC documents and details at the Account opening department.

29. Internal Netting:

Pay-in of securities to the exchanges is conducted on a net basis. Often, one client may fail to make the pay-in of securities on time. However, due to the buy positions of other clients, these trades are netted out and are therefore not reported for auction to the exchange. In such instances, the broker reserves the right to purchase the relevant security from the market on the pay-in day or the subsequent day without notifying the client.

30. Policy Related to Margin Funding Facility:

- **Trade Approval**: Trading is allowed only under the exchange-approved 'Group I Security' list as defined by SEBI.
- **Margin Calculation**:
  - Derivatives Stock: VaR + 3.5 times ELM
  - Non-Derivatives Stock: VaR + 5.5 times ELM
- **Limit Calculation**: Limits are fully fungible across all segments.
- **Risk Report Calculation**:
  - Total Collateral Value + Funded Stock Value - Margin (Collateral + Funded Stock VaR + ELM)
- **Risk Report Review and Actions**: Clients will be informed about the risk amount via SMS according to the following table:

Margin Shortage Level	Action
Up to 10% of Margin Required	No Action
Above 10% of Margin Required	Margin Call
Above 30% of Margin Required	Liquidation of Stocks

- **Daily M2M**: All stock collateral and funded stock are subject to daily Mark-to-Market (M2M) as per standard guidelines.
- **Collateral Retention**: All stock collateral and funded stock shall be retained by RWSPL.
- **Periodical review of Debit:** Debit in MTF will review periodically as and when required and accordingly the client will notify.
- **Non Trading MTF client:** Client who has not engaged in any trading activity for a period exceeding 60 days while continuing to hold a position in the Margin Trading Facility (MTF). In such cases, the Risk Management System (RMS) team will issue a formal notification to the client's Relationship Manager (RM) and Authorized Person (AP), requesting that the client's account be reactivated.

  If the client fails to reactivate their account within the prescribed time frame, the RMS team reserves the right, at its sole discretion, to liquidate the client's MTF position, regardless of the prevailing market conditions or associated risks. The liquidation may occur without further notice to the client, and the firm shall bear no responsibility for any resultant financial impact.

- **Product Purpose**: This facility is designed to support delivery-based investments for the short term.
- **Interest Charges**: Interest is charged on monthly rests at a rate of 18% per annum.
- **Trade Execution**: Trades must be executed under the product type MTF

31. Policy Related to Trading in Newly Listed Shares:

Newly listed shares typically lack a Daily Price Range (DPR), resulting in a higher likelihood of rate fluctuations. Consequently, trading in newly listed shares will be restricted to the available credit balance after accounting for Mark-to-Market (M2M) levels. and 100% VaR applied by RWSPL.

32. SLB Segment:

1. **Lending of Securities**

- **Risk Management**: While lending is inherently non-risky, any shortage towards the pay-in of lending can lead to a close-out of the transaction, which typically occurs at 20-30% higher rates, resulting in a potential loss of that amount.
- **Margin Collection**: Collection of margins is not feasible as it is not standard market practice and would not be viable for the lender.
- **Risk Mitigation System**:
    - Only free securities available in the client Demat account are allowed for lending transactions.
    - No trades will be permitted against receivable securities.
    - No trades will be allowed against securities in external demat accounts.
    - Before executing the transaction, the system will block the availability of those particular securities for regular trading.
    - To mitigate risks arising from blocking errors, the pay-in of SLB will always be completed first.

2. **Borrowing of Securities:**

- **Objectives**:
    - To short sell in the cash market, especially when the stock is banned in derivatives.
    - To capitalize on arbitrage opportunities, such as when a security is quoted at a higher rate in cash and lower in derivatives, or by devising strategies using positions in calls and puts to exploit price distortions.
- **Risk Considerations**: Short selling of securities can introduce risk to the system, whereas arbitrage carries no or limited risk, depending on the strategy applied.
- **Market Practice and Margin Collection**: As the market practice does not involve collecting SLB margin, it may not be feasible to engage in this business by charging full margin.
- **SLB Transaction Policies**:
    - SLB Borrowing limits will be blocked by default for clients.
    - All SLB Borrowing Trade done from the RMS Department after due diligence.
    - SLB transactions will only be allowed upon request and exclusively for clients with a substantial size and a long-standing, proven relationship.
    - The value of the borrowed securities will be reversed on a daily basis at the closing market price, and the full amount will be reversed notionally to report margin to the exchange for cash and derivatives segments.
    - The client will be required to top-up the margin if there is any shortage as per the above calculation. In case of failure to do so, RWSPL reserves the right to square-off excess positions to cover the margin shortfall.

33. Pay-out Policy:

1. Pay-out Request Submission

- Customers can submit pay-out requests through secure login via our back-office web portal and app.
- Requests can be submitted 24x7. However, processing of such requests is done in batches, as outlined below.

2. Advance Pay-out Requests

- Customers are allowed to submit payout requests in advance before the funds are due.

- All requests received before **12:00 midnight** will be included in the first batch of processing.

3. Impact on Trading Limits

- For requests received **before 12:00 midnight**, the customer's trading limit for the next trading day will be reduced by the pay-out amount requested. As a result, these funds will not be available for trading the next day.
- For requests received **after 12:00 midnight**, the customer's trading limit will not be impacted, allowing the funds to be used for trading the next day.

4. Processing of Late Requests

- Requests received between **12:00 midnight and 6:30 p.m.** will be processed on a **best-effort basis**.
- If the customer has no open orders/obligation in the system, we will make every effort to release the funds on the same day. However, no guarantees can be provided for same-day processing.
- If processing cannot be completed on the same day, the request will automatically roll over to the next day.

5. Disclaimer

- While we strive to process all pay-out requests promptly, certain factors such as system dependencies or operational constraints may cause delays. Customers are encouraged to plan their requests accordingly.

Particulars	Name	Date
Policy Prepared by	Mr. Nilesh Rami	31-10-2024
Policy Reviewed by	Mr. Prakash Ramani	31-10-2024
Policy Approved by	Mr. Nainish Wadiwala	16-12-2024

******