

R. Wadiwala Securities Pvt Ltd.

Risk Management System Policy

(RMS Policy)

A Risk Management System is integral to an efficient risk system. We have put in place a comprehensive risk management system, which is constantly upgraded as per the Exchange, SEBI & PMLA norm and also as per market movement.

The Model of RMS in RWSPL consists of RWSPL owned Branches, Franchisee, Sub-brokers and Authorized Person.

All the Staff, Branches, Branch Managers, Sub-brokers and Authorized Persons needs to understand and adhere to the policy as it is the integral part of company.

RMS Function includes:

- To check capital adequacy for exposure and requirements of the client.
- Monitoring of Clients Order, Patterns of Trade, Order rejections, increasing of Exposure/Limits.
- Monitoring MTM profit/loss incurred out of trades.
- Benchmarking Margin v/s Exposure of client.
- Decision taking with regard to squaring off positions on account of MTM loss or Margin shortfalls or any other reasons that may come across.

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 borne any consequence or loss so 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 mere 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.

CLIENT EXPOSURE LIMITS, PENALTIES & SQUARE OFF OF POSITION

Particular	Equity (NSE & BSE)	Derivative (FO) (NSE, BSE)	Currency (CD) (NSE, BSE)	Commodities (NSE, BSE, MCX & NCDEX)
Intraday Exposure	1-20times the actual margin	1-10 times the actual margin in Future & 1 -5 times in Option	1-10 times the actual margin	MCX: 1-10 times the actual margin NCDEX: 1-10 times the actual margin
Delivery Limit / Carried Forward	Upto 10 times the actual margin Min 20% margin will be set as default for VaR less than 20% MTF margin will be as per exchange norms Company may choose to top-up the the margin (VaR + ELM) if it perceives higher risk or decrease the same if the case is vice versa	1 times of limit set Company may choose to top-up the the margin (VaR + Exposure) if it perceives higher risk or decrease the same if the case is vice versa	1 times of limit set Company may choose to top-up the the margin (VaR + Exposure) if it perceives higher risk or decrease the same if the case is vice versa	1 times of limit set Company may choose to top-up the the margin (VaR + Exposure) if it perceives higher risk or decrease the same if the case is vice versa
Limit Setting	<ul style="list-style-type: none"> Limit is set on combined basis for Cash, F&O & Currency Segment. Commodities will also be combined once the membership is taken in RWSPL [Ledger balance] + [App. Stock*] – [Unclear chq] - [O/S Sell] Special formula may be applied to give some limits on uncleared cheque 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 higher percentage of delivery is accepted, interest may be charged for shortage in cash component at 18% per annum Shares held in the Client Ben Account (with appropriate PoA) may be considered for giving exposure. Such securities may be moved to collateral account as and when required. 			[Ledger balance] – [Unclear chq] + [Collateral]
	<p><u>Time based Intraday Sq-Off</u> Cash & F&O: 3:15 pm , CURRENCY: 4:45 pm , COMMODITY: 11:15 pm *The positions taken for intra-day should be cleared within the time frame as mentioned above. The positions are liable to be liquidated after above mentioned time by auto system.</p> <p>RWSPL shall not be responsible for any uncovered open position on account of any technical failure or otherwise</p>			

<p>Criteria for Position Square off</p>	<p><u>MTM based Sq-off:</u></p> <p>MTM based auto square-off trigger may be activated as soon as losses reach 50 – 80% of the total available margin depending on the margin multiplier given to the client and perceived risk of the securities/client. It is pertinent to understand that there is a time lag between triggering of the auto square-off system and actual implementation and at times the losses actually end up exceeding the total securities / deposits / collateral</p> <p>In such a situation all the positions of the customers across all the segments may be liquidated without any intimation. All the pending orders may also be removed. However, RWSPL cannot be held responsible for not liquidating the positions and profit/ loss arising from such trades will be on the account of the customer only. RWSPL may choose to liquidate positions of any segment / securities and client will not have any say in the same.</p> <p>Cheque may not be entertained during such situations and client can transfer the money online using NEFT, RTGS, UPI or IMPS and same will have to be brought to the notice of RMS department. RMS will put best effort to avoid auto liquidation but cannot be held responsible for not able to do so in timely manner.</p> <ul style="list-style-type: none"> • T+2+4 Days Sq-Off: <ul style="list-style-type: none"> a. All clients having debit on T+2+4th day are required to clear the debit by 10:00AM. If RMS department is not intimated about the liquidation of the positions by the branch/client/AP, then same would be cleared from RMS department –Head office. In this regard, company shall not be responsible for any loss that incur 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. Company 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.
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<p>Criteria for Position Squared off (cont'd)</p>	<p>d. At time of selling stocks, below mentioned priority is followed:</p> <ul style="list-style-type: none"> ▪ Stock from CUSA Account ▪ Stock from collateral Account ▪ Stock from client beneficiary using PoA <ul style="list-style-type: none"> • However, we do deviate from the same and same cannot be questioned • Risk based square-off: In order to manage risk, margin is required to be collected on daily basis. If the margin shortage exceeds 10% of the total requirement, appropriate quantity of positions may be squared-off to restore the margin to full compliance. Please note that this can happen well before T+2+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 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 situation. In case the same is not done, position is liable to be squared off any time. <ul style="list-style-type: none"> i. <i>*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.</i> ii. <i>If intraday positions carried without margin on two occasions then intraday limits may be permanently disabled</i> • The MTM loss arising in all derivatives and cash positions need to be paid on the same day (T day) so that MTM settlement can be performed properly, failing of which the positions are liable to be reduced to the available margin level • RMS has all the rights to liquidate the positions in following case: <ul style="list-style-type: none"> a. Highly volatile securities b. Margin / MTM Shortfall c. Chq bounce / third party chq deposit d. Scrip is banned / not allowed for trading / withdrawal from F&O/ as per exchange e. Suspicious trade or transaction under PMLA Act f. Synchronized trading g. Regulatory body prohibits or suspends the client
<p>Cheque Bounce or Reversed Cheque</p>	<ul style="list-style-type: none"> • 1 time instance - The position may be liquidated up to the shortfall amount and no further position may be granted. • 2 to 4 instance - Trading may be allowed based on clear balance only • 5 & more - Trading account may be frozen for further trading
<p>Exposure/Limit on Unclear Cheque</p>	<p>Generally limits shall not be provided for clients on cheques under clearing in the following conditions:</p> <ul style="list-style-type: none"> • Branch has given the cheque details but the cheque is actually not presented to the bank. • Cheque entered in Id but it's not collected. • No limit is allowed against out-station cheque. • Every new client the exposure limits for transaction shall be given after the clearance of margin cheque • No special approvals are accepted / entertained for those clients who are in cheque bounce history and with negative ledger. • In other cases, we may provide limit based on our internal algorithm taking into account the existing clear deposit and collateral • In few cases, the limit may be provided on the basis of relationship with clients and/or AP/CRMs

<p>Banned securities</p>	<ul style="list-style-type: none"> • On open interest only square off will be allowed. • No further exposure will be allowed on securities under ban. However, square-off will be allowed in existing open interest • Trading in commodity contracts may be banned a day prior to the delivery intention period • Physical delivery of commodities may not be allowed
<p>Illiquid Stocks /Agro Products</p>	<ul style="list-style-type: none"> • Exposure: 100% margin may be levied on illiquid stock or Z or BE group or any other specific security/securities as may be decided by RWSPL • In equity segment newly listed shares usually do not have any daily price range (DPR) and hence, the chances for rate fluctuations are more. So the dealing in newly listed shares may be restricted to the available credit balance after considering the M2M levels. • Trading in agro commodities may be totally banned
<p>Future and Option Trading</p>	<ul style="list-style-type: none"> • Margin Shortage on FO contracts is calculated on span plus exposure. • In case of option writing (call or put sell) full sell value may be blocked and margin may be charged separately. • Prior approval is required - All the far month option contracts may not have automatic buy and sell limit due to its illiquid nature. However in case if client still wishes to trade then client may speak to RMS head to set the limit on a case to case basis. In such cases additional margin over and above exchange margin may be charged.
<p>Penalty</p>	<ul style="list-style-type: none"> • Any delay payment (after T+2) will attract 21% interest P.A. • Any penalty by the exchange on transaction will be debited to the respective client. • In case of bounce cheque, penalty of Rs.250/- will be debited to account. • In case of Cash/F&O/Commodity Margin shortfall, penalty of 1% to 5% as per SEBI norms will be passed on to the client • Any penalty charged by the regulator or the exchanges to a specific client will be passed on to the relevant customer. • In case of false commitment, fake deposit slip, cheque scanned but not deposited, false receipt of the cheque and or any such instances, RMS department may not give further exposure, debit penalties or may take any such strict action against the RM/Dealer/BM/AP/Sub-broker
<p>Clarification regarding margin collection and reporting</p>	<ul style="list-style-type: none"> • Company will follow different policies for the purpose of giving limits and for the reporting of collection of margin to the exchanges. • Reporting of the margin collection to the exchanges: <ul style="list-style-type: none"> ○ It will be done exactly as per the SEBI/Exchange defined norms ○ Shares lying in clients demat accounts with PoA may be moved to collateral account or may be reported as collected even without doing so ○ Our systems will be updated to comply with the relevant regulation on collection and reporting from time to time based on the circulars. • For the purpose of giving limits: <ul style="list-style-type: none"> ○ Securities value will be considered after hair cut. Hair-cut will be either 20% or VaR whichever is higher. ○ All the MTF non approved stocks and illiquid securities will carry 100% hair-cut. ○ Treatment of uncleared cheque will be done as mentioned elsewhere in the document. • Penalty, if any, resulting out of the short payment will be debited to the respective client's account on or after T+5 days • Provisional Margin shortfall penalty & late payment fees will be blocked from clear balance while making payout

Surveillance	<p>Strict action will be taken against the client, dealer, CRM and /or branch manager in case of unethical practice like:</p> <ul style="list-style-type: none"> • Synchronized trading • Trading just to create volume on the exchange • Off market transfer to multiple clients and from multiple to single account. This is effectively not possible after limitation put on off market demat transfer but can be still be done showing the off market purchase. • Concentrated position in a security so as to manipulate price • Trading in Illiquid stocks for unknown reasons without proper justification • Trading for the purpose of transfer of profit or loss
Quarterly / Monthly Settlement	<ul style="list-style-type: none"> • Accounts needs to be settled once every quarter / month as per preference selected by him at the time of account opening. • In case client is trading in F&O or in Currency segment he has to maintain the margin up to 225%. • All excess collaterals/credit balance in client's ledger will be released on Settlement. Quarterly settlement will be done across all exchanges and segments.
Single Order Limit	<ul style="list-style-type: none"> • The maximum single order in the cash market may be restricted to 10000 Qty or Rs. 25,00,000/-value. • The maximum single order in the Futures/Option market may be restricted to 30000 Qty or Rs.50,00,000/-value. • The same may be reviewed and changed from time to time.
General	<ul style="list-style-type: none"> • Family adjustment of ledger or cheque will not be allowed • Third party cheque or collateral securities will not be accepted • For sub-brokers/AP, risk taking may be allowed depending on the quantum of the available deposit/brokerage • DD or P.O will be acceptable only if the same are accompanied by the name of the bank account holder and account number of the bank account debited for the purpose, duly certified by the bank and certificate on bankers letterhead. • Positions taken as 'Intraday' can be converted to 'Delivery' subject to the availability of sufficient margin or confirmation of fund transfer. • Intra-day / Margin trades will not be allowed after auto timer square-off time • Cover order is not available for option trading. • AMO will be cancelled if the price entered is more than 15% away from the LTP in either direction. • AMO will be cancelled if client do not have sufficient funds • Positions will be squared off immediately, if a cheque bounces (due to any reason). • Trading in Z group may not be allowed. • Unlimited access will not be granted on any Client ID, Dealer ID and Branch ID • Restrictions will be set on far-month contract • PoA mentioned in the document applicable only in the case wherein client has demat account in RWSPL and he has given PoA to RWSPL for the purpose of pay-in and /or margin as the case may be. • Credit of margin or hair-cut amount and MtoM profit will not be added to the total limits given to the customer post cash margin circular as this may cause to shortfall in margin leading to penalty

Securities delivery	<ul style="list-style-type: none"> • For the clients with demat account in RWSPL (along with PoA for margin and/or pay-in): The securities bought as delivery are directly transferred to his own BO account on the day of pay-out inspite of having debit. However, company may choose not to deliver the same in case of heightened risk. • In the cases where PoA is not available with the company or the demat account is not with the company, the shares will be taken in CUSA account. • As described elsewhere in the document, in any of the above cases, the said securities may be sold off for short fall of margin or perceived risk situation. • Further, the securities/positions are liable to be liquidated due to continuous debit any time beyond T+2+3.
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RMS POLICIES AND PROCEDURES

a. Setting up client's exposure limits

The Exchange may from time to time fix client exposure limits in the interest of orderly working of the markets. Within that overall ceiling, a client can trade within the exposure limit set from time to time by the Broker for the client.

Exposure Limit is fixed on the basis of the funds and value after hair cut of the securities provided by the client for margin. Clients are requested to adhere to the exposure limits as crossing the limit may involve either a call for margin or restriction on further position / exposure.

RWSPL may need to vary or reduce or impose new limits urgently on the basis of risk perception, risk profile of the client and other factors considered relevant including but not limited to limits on account of exchange / SEBI directions / limits (such as broker level / market level limits in security specific / volume specific exposures etc.).

Sometimes the RWSPL may be unable to inform the client of such variation, reduction or imposition in advance. RWSPL shall not be held responsible for such variation, reduction or the client's inability to route any order through trading system on account of any such variation, reduction or imposition of limits.

In the sole discretion of the Stock Broker, a client may be allowed to trade beyond exposure limit or the limit may be increased. A client having availed such indulgence shall not be heard to complain about his trades only on this account and shall meet the margin shortfall at the earliest without waiting for reminder. The golden rule is Limit your exposure so as to limit your risk to your means.

1. While computing the available margin following parameter consider

- Margin based limit is set on combined basis for all the segments
- clear credit lying in client's settlement and margin ledger account
- Beneficiary holdings and collateral holdings (after deduction of applicable h/c)
- Any Online funds transfer or hold amount through bank gateway
- Credit received against sale of securities
- Margin amount of open positions (in case of derivatives)
- Outstation cheques are not entertained. All the cheques collected against trading positions should carry a valid MICR number.
- All the cheque dishonor cases are viewed seriously and debit amounts in such accounts will be

cleared from surveillance dept. The normal rule for 5 days debit will not be applicable while selling the shares in cheque dishonor issues.

2. Exposure limits shall be only against approved securities as decided by the Exchanges/RWSPL from time to time. RWSPL may from time to time change the applicable hair cut or apply a haircut higher than that specified by the Regulators/Exchanges.
3. In case of derivatives, Clients shall be allowed to trade only up to the applicable client wise position limits set by the Exchanges/Regulators from time to time
4. List of approved collaterals / securities along with applicable haircut, is subject to revision from time to time based on Exchange approved list,
5. In order to ensure smooth settlement on T + 2 day, client has to ensure that entire balance payment against purchase and entire delivery against sale orders reaches the broker's specific bank and DP a/c on T + 1 day or latest by 9.30 a.m. on T + 2 day.
6. In case of clients' failure to deposit funds against their purchases by above mentioned time schedule, penal action against the clients at the discretion of the stock broker will be taken, which will include non-delivery of shares to them, sale of shares in the market.

If clients fail to deliver shares against their sale orders by the above time schedule, penal action will be taken by the stock broker at his discretion which will include penalty for short delivery as imposed by the Exchange, auctioning of shares by the Exchange, debiting on account of internal shortage.

b. Setting up Terminal/Branch Level limits

Trading Terminals are allotted to Members by exchanges. These terminals enable members to place, modify and execute orders on behalf of clients. There may be instances where due to punching error unusual orders may be placed at high prices which might lead to execution of unrealistic orders or orders being executed at unrealistic prices. In cases where the order/price of such orders is high, it might lead to huge losses to broker. In order to avoid such a situation it is imperative that certain limits are prescribed for each terminal allotted to member broker.

We ensure documentation of internal controls on areas like order modification / cancellation, client code changes and post-trade activities are in place and are being updated from time-to-time.

We ensure monitoring mechanism for client's debits / obligations and appropriate collection procedures.

The following limits shall be defined for each terminal:

- Quantity Limit for each order
- Value Limit for each order
- User value limit for each user ID
- User quantity limit for each user ID
- Branch value limit for each Branch ID
- Spread Order Quantity and Value Limit (Derivatives & Currency Derivatives segment)
- We have a dedicated Risk monitoring team of 6 people who monitor the exposure, limit, etc.
- We have ODIN Terminal which has a facility to block the client as well as restrict to use over exposure.
- Terminals limits will be set up by the Front Office official designated at Corporate Office.
- Direct terminals will be allotted on exceptional basis only.
- No user/ branch will be provided unlimited limit.
- Limits shall be monitored on daily basis, taking following criteria's: Turnover, Exposure, past trends, Location, Deposit/Collateral.
- Trading in illiquid scrip shall not be permitted.

c. Order Receipt and Execution

All Orders routed through ODIN/Neat/Bolt are monitored by our risk department and after their confirmation about client's financial and margin status order get executed.

The dealers take utmost care while executing the trades of the clients regarding the accuracy of Client

Code, Quantity and Price etc. The orders from the client's are promptly executed by the dealers and the oral confirmation of the placement of the orders is immediately provided to the clients.

Moreover, only registered clients are allowed to enter the dealing room for placing the orders.

The clients are divided into groups among the dealers and sub brokers at head office level, so that particular dealer can serve a particular group of clients which helps dealer to understand the client investment strategy in a better way & serve them accordingly. The orders are entered instantly by the dealer on the instruction given by the client. On execution of valid order into trade, dealers confirm the trade with the client so as to avoid any future dispute.

Best efforts should be put to achieve all the orders are pre-confirmed. Practically this may not be possible but at least 70% of the orders should be pre confirmed on recorded lines or self-executed by exe or mobile based trading system or executed by personal presence in the office. The best efforts should be put to give post confirmation in case pre-confirmation is not available on the recorded lines. Unrecorded mobile based trades should be discouraged. Also a trade confirmation SMS message covering details of all the trades executed is forwarded to client after completion of trading hours on registered Mobile No. of the client.

d. Monitoring of Debit Balances

We have system of monitoring client debit balances on a daily and online basis. We have dedicated resources to monitor the debtors as well as asking for the margin cheque. Clients are followed up by tele-calling, sending SMS and e-mails and remarks are noted for each client.

- No trade may be allowed if debit balance continues for one week
- No fresh trade may be allowed unless old dues are recovered.
- The debits in client's account are either secured against sub-broker's deposits or against collaterals or accumulated brokerage.

Exchanges follow a settlement schedule of T+2 in Capital Market segment, daily M2M settlement & Final settlement in derivatives segment.

As per RWSPL policy the customers need to pay the debit balance on the day of purchase itself or on next day. The left out clients' debit may not be allowed to carry forward beyond 5 days may be cleared by liquidating positions by RMS department

e. Client Code Modification

Trades are done only on the exchange platform and if any trades need to be transfer become of wrong punching code it is done in the exchange platform system. Client code modification is accepted only through an email or written letter prior to post closing session. Client code modification will be done within the time limit given by the respective exchange.

Every request for client code modification is to be sent to RMS dept in the predefined format and proper care should be taken in filling the Exchange order number, trade number, old client code, new client code, and the reasons for wrong Punching.

The reason for the modification is to be analyzed by the risk management department with regards to clients ledger a/c; demat a/c; trading pattern etc. & if found to be genuine then modification will be approved modification will be allowed only in delivery trades in which error was occurred genuinely.

Penalties & actions taken by the exchange against the broker / member shall be passed on to the respective client & in addition penalties & action shall be taken against the Sub-Broker's / AP's / Branches / Dealers.

f. Margin Collection Procedure

The RWSPL has RMS department at its corporate office situated at 9/2003-4, Vishnu Priya Limda Chowk, Main Road, Surat – 395 003. The RWSPL has a RMS (RISK Management System) Team, who is responsible for setting up the Client wise Trading limits, Margin collection, Surveillance and Reporting procedure as described below:

Client Limits are allowed as per margin norms of the relevant exchanges. Clients are required to provide upfront margin in the form of funds / securities (after appropriate haircut as prescribed by Exchange from time to time) before any trade.

RMS department monitor all orders & trades given by clients and executed in the trading terminal. The departments are also vigilant about all order rejections and spurt in exposures. The RWSPL takes proper and adequate margin from clients as per the exchange/SEBI norms in the form of funds/Securities and report the same to the exchange as per the guideline of exchange.

Trading limit is set by RMS based on the available margin amount and calculated by considering the trading price prior to trading day (T-1 day) on daily basis. The client can monitor the same using secured login provided to them

Margin Reporting Procedure

On a daily basis exchange provides Margin Files to the Trading member in F & O and Currency Segment.

The RWSPL report details of Initial Margins collected from their clients for F&O Segment by uploading MG13 file through the Collateral Interface for Members (CIM).

Mechanism for regular reporting of Margin

- Free Balance available on current day (T Day) with client in different segments (BSE/NSE/FO/CURR) of the Exchange will be consider for margin collection
- Only exchange approved stock in Pool Account (RWSPL Beneficiary account.) & Collateral Account will be considered for margin collection
- Value of securities will be considered with subject to a haircut of VAR margin as per Exchange.
- Margins taken in the form of securities in the approved list to be valued as per the closing rate on the previous trading day and not the trading day, with an appropriate hair-cut
- Only free and unencumbered balances of securities available with the Member for respective client in different segments of the Exchange shall be considered for margin collection and reporting.
- Accordingly, only securities received in pay out shall be considered only after it is 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 till T+1.
- Cheques dishonored/reverse or not cleared up to T+4 working days should not be considered for Margin Money.

After preparing margin report file, RMS person forward reporting file to person who is authorized to recheck the report file before uploading on Collateral Interface for Members (CIM).

Status of the file uploaded shall be checked regularly on the day of uploading after a few hours of uploading the same.

Penalty if any occurring out of the short payment will be debited to the respective client's account on or after T+5 days. Information related to margin applicable, utilized and required / balance in respect of each client is to be sent on a daily basis to the respective clients in both these segments.

- Client code and name, Trade day (T)
- Total margin deposit placed by the client up to day T-1 (with 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 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

We maintain proper records of collateral received from clients as under:

- All the receipts of the collateral is allowed only in special demat account meant for the same.
- Collateral register is maintained
- Collateral are always returned to the same account from which they are received or delivered in the market towards the obligation of the same client
- Credit of corporate action benefits to clients is done on weekly basis

g. Margin Shortfall Penalty

Short-collection/Non-collection of client margins (Equity and/or Currency Derivatives Segments)

As per the SEBI circular, "Stock Exchanges shall levy penalty for short collection/ no collection of margins from clients in Equity and Currency Derivatives segments w.e.f. September 01, 2011. As per the above circular, the penalty applicable to client's trading account for Equity and/or Currency Derivatives segment will be as follows w.e.f:

Margin Shortage per day for each Segment	Penalty%
(< Rs 1 lakh) And (< 10% of applicable margin)	0.50%
(≥ Rs 1 lakh) Or (≥ 10% of applicable margin)	1.00%

Note:

- 1) If short/non-collection of margins for a client continues for more than 3 consecutive days, then penalty of 5% of the shortfall amount shall be levied for each day of continued shortfall beyond the 3rd day of shortfall.
- 2) If short/non-collection of margins for a client takes place for more than 5 days in a month, then penalty of 5% of the shortfall amount shall be levied for each day, during the month, beyond the 5th day of shortfall.
- 3) Notwithstanding the above, if short collection of margin from clients is caused due to 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), then, the penalty for short collection shall be imposed only if the shortfall continues beyond T+1 day.

h. Right of Sale of client's securities or closing the client's open position without giving notice

- RWSPL maintains specific banking and depository accounts, informed to the clients from time to time, for handling clients' funds and securities. The clients shall ensure timely availability of funds / securities in required form and manner, within stipulated time and in the designated bank and depository account(s) for meeting their liabilities and obtaining proper credit thereof. RWSPL does not undertake responsibility for any delay or other consequences arising from payment to any other account or non receipt in time and manner in the designated account(s).
- In the event of the Client failing to maintain / supply applicable margin money required to sustain the outstanding market positions of the Client, the company shall be entitled, at its option and liberty, to liquidate / close out all outstanding market positions or any part thereof such that the outstanding market positions are either zeroed out or reduced to an extent where available margin covers the market positions remaining after such square off.
- Any and all losses and financial charges on account of such liquidation/closing-out shall be charged to and borne by the client. The company shall also have right to close out any intraday positions taken by the client, in above circumstances. Such liquidation/ close out may be without any prior reference or notice to the client.
- RMS Team may initiate liquidation of securities in following circumstances:
 - a. In case of Margin Trades, if the open position is neither squared off nor converted to Delivery

- by Client(s) within the stipulated time.
- b. In case of Margin Trades, where Mark to Market Loss on the open position has reached the 50, 60, 70 or 80% of the margins (depending on margin multiplier) placed with RWSPL and the Client(s) have not taken any steps either to replenish the margin or reduce the Mark to Market Loss.
 - c. In all other cases where the margin or security placed by the Client(s) falls short of the requirement or the limits given to the Client(s) have been breached
 - d. Where the Client(s) have defaulted on their existing obligation/ failed to make payments/deliver securities to RWSPL with the stipulated time
 - e. Extreme volatility in the market in particular scrip of both these segment
 - f. There are any restrictions imposed by exchange or regulator on the contract (script)
 - g. The client is undertaking any illegal trading practice or the client is suspected to be indulging in the money laundering activities or suspicious trade or trading in illiquid stock
 - h. The client has taken or intends to take new position in a security which is in the banned period
 - i. There are any unforeseen adverse market conditions or any natural calamity affecting the operation of the market.
 - j. When margin amount due from the client is not received within stipulated period.
 - k. When any initial margin available in the client's account is less than the requirement for $SPAN + Exposure + ELM + MtoM\text{margin}$
- RWSPL has proper system to maintain all records of communication done with clients and sub brokers/authorized persons.
 - RMS Team can add some of the more criteria based on the circumstances as they may deem fit.
 - Risk Head(s) to decide on the priority of shares to be squared off from the stock holdings of a client i.e. which scrip is to be liquidated first. Also the Stock Exchange in which the securities are to be squared off.
 - All positions squared off by RMS Team must be intimated to the client at the earliest, but not later than the next working day, and contract notes be dispatched as per exchange stipulations without any exception.

i. Refusal of orders for "Penny Stocks" (Illiquid stocks)

A Security that trades at a relatively low price and has small market capitalization is a penny stock. These types of stocks are generally considered to be highly speculative and high risk because of their lack of liquidity, large bid-ask spreads, small capitalization and limited following and disclosure. Depend on the market condition and RMS policy of the company RMS reserve the right to refuse to provide the limit in Penny stocks and losses if any on account of such refusal shall be borne by client only.

RWSPL likes to pay special attention to dealing in "Penny Stocks". To this end:

- RWSPL may refuse to execute any client's orders in "Penny Stocks" at its discretion.
- Any large order for purchase or sale of any penny stock shall be taken prior approval from RMS and the dealing of such stock will only be allowed through Head Office
- It will be client responsibility and respective Branch Manager/Dealer or RM duty to ensure that trading in "Penny stocks" does not result in creation of artificial volume or false or misleading appearance of trading
- Further it also does not operate as a device to inflate or depress or cause fluctuations in the price of such stocks
- Dealer/RM/Branch Manager should ensure that the Clients should not place orders in "Penny stocks" at prices which are substantially different from the prevailing market prices. Any such order is liable to be rejected at the sole discretion of RWSPL
- In case of sale of penny stocks as approved by RMS, clients shall ensure the delivery of shares to RWSPL before the pay-in date

The Company shall not be responsible for non-execution / delay in execution of such orders and consequential opportunity loss or financial loss to the client

The Company has the right to revise the list of such securities / contracts on a periodic basis.

Client can obtain the information about the updated list of securities from the Relationship Manager / Dealing office

j. Conditions under which a client may not be allowed to take further position or his existing position may be closed

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

- SEBI or Exchange imposing restrictions on further exposures in cases of extreme volatility in the market or in a security or group of securities.
- Client or the Broker exceeding or touching exposure limits set by the Exchange in the particular scrip.
- Reasonable doubt as to bonafide of the transaction or identity of the client in the light of the financial status and objectives as disclosed in the KYC form.
- Reasonable doubt as to the transaction being cross trade, circular trade, fraudulent practice or connected with price manipulation or market rigging.
- SEBI or other competent authority issuing a debarment order against the client from buying, selling or dealing in securities, unless the order is vacated.
- The client has taken or intends to take new position in a security which is in the banned period
- Due to abnormal rise or fall in the market, the markets are closed.
- RWSPL shall also have a right to close existing positions of the clients in the abovementioned circumstances
- RWSPL shall not be responsible for any loss incurred and the client shall indemnify RWSPL in this regard.

k. Temporarily suspending or closing a client's account based on the client's request

Any client desirous of temporarily suspending his or her trading account has to give such request in writing to the management. After management's approval, further dealing in such client's account will be blocked. Whenever trade has to be resumed in any suspended client account, a request should be made telephonically or in writing by the client to the management or RMS department and the management may ask for updated financial information and other details for reactivating such account. After receiving necessary documents, details, etc. and approval from the management, the client account will be reactivated and transaction will be carried out.

Similarly, any client desirous of closing his / her account permanently is required to inform in writing and the decision in this regard will be taken by the management. After necessary approval from the management, the client code will be deactivated. Only after scrutinizing the compliance requirements and a "no pending queries" confirmation is taken, securities and funds accounts will be settled.

l. De-registering a client

RWSPL may, at its absolute discretion, decide to deregister a particular client if found that:

- SEBI or any other regulatory body has passed an order against such client, prohibiting or suspending such client from participating in the securities market
- Such client has been indicted by a regulatory body or any government enforcement agency in case of market manipulation or insider trading or any other case involving violation of any law, rule, regulation, guideline or circular governing securities market
- Such client is suspected of indulging in illegal or criminal activities including fraud or money laundering.
- Such client's name appears in the UN list of prohibited entities or in the SEBI debarred list
- On the death / lunacy or other disability of the client
- Such client's account has been lying dormant for long time or the client is not traceable
- If the client being a partnership firm, if any steps have been taken by the client and / or its partners for dissolution of the partnership
- Such client has been irregular in fulfilling obligations towards margin or settlement dues

- Such client has been declared insolvent or any legal proceedings to declare him / her as insolvent have been initiated.
- Such client has a tainted reputation and any business relationship with such clients is likely to tarnish the reputation of RWSPL or may act as detriment to RWSPL's prospects.
- **Temporarily suspending or closing a client's account** at the client's request A client temporarily get the account suspended or closed it permanently after making appropriate request. Such request forms are available with the account-opening department.

m. Treatment of Inactive Accounts

The clients who are inactive for the period of six months will be locked for further trading in order to avoid erroneous punching of order. Such customers can get their accounts activated by orally requesting their relationship manager or sub-broker.

n. Internal Netting

Pay-In of securities to the exchanges is to be made on net basis, many a times one client is unable to make pay-In of security on time. However, because of the buy position of other clients that trade in netted out and hence is not reported for auction to the exchange. In such cases the broker will have the right to buy the relevant security from the market on Pay-In day or subsequent day without intimating the client for the same.

o. Policy related to Margin Funding Facility

- Trade Allowed only under exchange approved 'Group I Security' listas defined in SEBI.
- Margin Calculation
 - Derivatives stock Var+3.5 times ELM
 - Non Derivatives Stock VaR + 5.5 times ELM
- Limit Calculation
 - Limits are fully fungible within all the segments
- Risk Report Calculation
 - Total collateral value + Funded stock value - Margin (collateral + Funded stock VaR+ELM)
- Risk report review and action as per given below table. Inform client about risk amount by SMS

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

- All stocks collateral and funded stock shall be subject to daily M2M as per normal guidelines.
- All stocks collateral and funded stock shall be retained by RWSPL.
- This is a product to facilitate delivery based investments for short term.
- Interest is charged on monthly rests at the rate of 18% p.a.
- Trades will have to be executed in the product type MTF (or Intra-day only when regular account is locked for further trading)

p. Policy related to Trading in Newly Listed Shares:

Newly listed shares usually do not have any Daily Price Range (DPR) and hence, the chances for rate fluctuations are more. The dealing in newly listed shares will be restricted to the available credit balance after considering the M2M levels.

Q. Lending of securities(SLB Segment):

- Lending is inherently non-risky. However, any shortage towards pay-in of lending can lead to close-out of the transaction and closeout essentially happens at 20-30% higher rates resulting into loss of that amount.

- Collection of margin is not feasible as that is not the market practice and it will not be viable proposition for lender
- So in order to avoid the above risk arising due to close out, following system is followed:
 - Only free securities available in the client account is allowed for lending transaction
 - No trades will be allowed against the receivable securities
 - No trades will be allowed against the outside demat accounts
 - Before executing the transaction, system will block the availability of that particular securities for regular trading
 - In order to cover for the risk arising due to error in blocking, pay-in of SLB will always be completed first as the regular auction happens at much lower difference

R. Borrowing of securities (SLB Segment):

- Securities are essentially borrowed with following objective:
 - To short sell in cash market especially when stock is in ban in derivatives
 - To encash arbitrage opportunity
 - when a security is quoting at higher rate in cash and lower in derivatives
 - or by devising strategies using positions using calls and puts to exploit price distortions
- Short selling of securities can bring risk to the system whereas arbitrage will have no risk or limited risk depending on the strategy applied.
- Market practice is not to collect SLB margin and hence it may not be possible to get this business by charging full margin
- Given this situation:
 - SLB limits will be blocked by default
 - Allow only on request and that too for the customers with reasonable size and long proven relationship
 - The value of the securities borrowed will reversed on daily basis at closing market price and 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 margin if there is any shortage as per above calculation. In case of failure to do so, RW reserves right to square-off excess positions to cover up for the shortfall of the margin.
