



RISK MANAGEMENT POLICY

INTRODUCTION:

This is a policy document for guiding the operation of the organization. This Document is of internal use and not of circulation.

CLIENT REGISTRATION:

This is first stage of contact with the client. It is very important to take adequate details from the clients to maintain a record of the details of the clients.

1. Company registers client by obtaining the Client Registration from which is foremost requirement of exchange. In this form the basic details of the clients are obtained i.e.
 - a. Name of client: which is used to identify the client.
 - b. Residential address is taken with the address proof which are the document specified by exchange i.e. Ration Card, Passport, Voters Id or Driving License.
 - c. Also taking photo identity proof of Passport, Voter Ids, and Driving License copy.
 - d. Photograph of client in case of Individual.
 - e. For Corporate client Board Resolution, Memorandum of association & article of association of company, Share holding pattern, Details of Authorized persons and Directors.
 - f. Pan Card of all clients.
All these document form part of KYC Norms, which is, will be taken from all the clients.
 - g. Bank details of the client along with the proof of the same i.e. Xerox of the bank pass book or cancel cheque with sign the bank so that company can keep track of the third party payment i.e. amount paid through other person account.

- h. DP accounts details which are to going & taking delivery of securities. Proof of the DP Account holder name will be taken. This is also for not third party delivery of the security i.e. security of client given to other persons or taking delivery of other persons.

CLIENT BROKER AGREEMENT:

Client broker agreement is executed at the time of client registration. It is as per the format prescribed by the exchange. This will cover all the responsibilities, Rights & Liabilities of client & member.

RISK DISCLOSURE DOCUMENT:

Trading in securities market involves risks of various nature. Clients need to be educated and informed about the risks involved and the company as a policy will issue the RDD to all its clients and obtain a signature on the copy.

MARKETING AND CLIENT CANVASSING:

It shall be the responsibility of the Sales team to carry out the diligence of the client or the sub-broker and be satisfied with the standing and credibility of the person with whom the company plans to establish the relationship.

He shall take all the necessary care and caution before recommending the establishment or relationship of the company with any other entity.

ORDER ACCEPTANCE AND EXECUTION:

The orders from the client's shall be promptly executed by the dealers and the oral confirmation of the placement of the orders shall be immediately provided to the clients.

TRADES:

The trade of clients shall be carried out in the respective client code only. The dealers shall take utmost care while executing the trades of the clients regarding the accuracy of Client Code, Quantity, Price etc.

In case of any mistake in execution of the trade the same shall be intimated to the HO administrator who shall do the needful to transfer the trade into the correct code using the Exchange Mechanisms for trade modification.

In case of any mistake is highlighted or brought to the notice of the HO after the stipulated time lines of the Exchange and the Client Code does not exist in the Back Office then the trades shall be transferred to the correct Client Code after the same is approved by the CEO of the Company.

If the trades are executed in the wrong Code then the same shall be transferred to the correct code then a letter from the client in whose code the trades have been wrongly executed shall be obtained. This letter shall contain the details of the trades as well as a clear submission from the client that the trades do not belong to him.

In case the Client Code does not exist in the Back Office then the trades shall be transferred to the correct Correct Client Code.

SHORTAGES:

In case of Exchange Shortages the settlement mechanism of the Exchanges shall be strictly adhered to. In case of internal shortages the Company shall purchase the shares equivalent to the shortage quantity in buyers account on T+3 day. The rate at which the shares are purchased in buyers account, the company shall prepare auction bill and credit the same amount to the buyer and debit the original seller who was short in that settlement.

CONTRACTS NOTES AND MARGIN STATEMENT:

Company will issue contract codes to its clients on the next working day from the day of trade takes place. Along with the Contract note the client shall also be furnished with a copy of the daily margin status which shall give the details of the Funds and Shares of the client with the company, the applicable margins on the clients' positions and the net amount receivable or payable from the client on a particular day.

STATEMENT OF ACCOUNTS:

The statement of accounts will be sent to the clients on a quarterly basis within one month of the end of the relevant quarter, as it will help avoid discrepancies in future.

EXPOSURE TO THE CLIENTS:

The Company will allow exposure to the clients keeping in mind the payment capacity of the client. As all the clients are known to the dealers the dealers will decide whether to allow the exposure and if allowed then to what extent.



RISK MANAGEMENT SYSTEM

1. Regular/periodic Meeting with clients.
2. 95% of the clients we know them personally as they are from Mumbai only.
3. We do not have client who buys & sells on the same day.
4. The Clients are personally known to the director and the overall exposure is determined for the person on the financial capability.
5. The risk with respect to the trades done by the client is regularly assessed by the Director/Dealer. The Director/Dealer being regularly interacting with the client is aware of the trading pattern and thus in a position to determine the risk vis a vis every trade done by the client.
6. In case of larger value transactions, the clients are at times insisted on giving advance money/securities as may be required.
7. The clients shares are tracked to have been received only from the designated DP account only so as to nullify the risk due to receipt of money from other persons DP account. In case if any shares are given by any person on behalf on the client, then a letter signed by the beneficial owner and the client is taken specify that the shares are given on behalf of the client and the owner does not have any right/obligation from the member.
8. The risk management team regularly assesses the trades being executed by the clients to check the trades in illiquid/risky stocks. The past operations are also tracked, to assess the risk level of the company in dealing with such clients. The trades in Z category stocks is specified by BSE are not allowed, unless a special permission has been taken & only after due consideration, the Director will allow temporarily a specific exposure limit for dealing in Z group stocks.