Risk Management System (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 HTPL consists of HTPL Owned Branches, Franchisee & Sub-brokers-Authorized Person.

All the staff, Branches, Branch Manager, and Sub-broker needs to understand and follow 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.

HINDUSTAN TRADECOM PVT LTD

Particular	Equity (NSE/BSE)	Derivatives (BSEFO / NSEFO)	Currency (BSE CD / NSE CD)	COMMODITIES (ICEX, MCX & NCDEX)
Intraday Exposure (Span/Initial Margin)		1 Times in Future 1 Times in Option	1 Times Margin	MCX :- 1 times Margin NCDEX:- 1 times Margin ICEX:- 1 times Margin
Exposure Margin	10 times Exposure	10 Times in Future 10 Times in Option	10 Times Margin	MCX :- 10 times Margin NCDEX:- 10 times Margin ICEX:- 10 times Margin
Delivery Limit / Carried Forward	1 Times of Limit set	1 Times of Limit set	1 Times of Limit set	1 Times of Limit set
		It is compulsory to keep 100% margin as per the Exchange norms.		
Limit setting	• Limit is set on combined basis for Cash, F&O & Currency Segment. • [Ledger balance] + [App. Stock*] –[Unclear chq]-[O/S Sell] • Cash & Collateral 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))* • For Delivery Limit no exposure will be calculated on the Equity shares held in the Client Ben Account (POA). Only stock provided by the client in Margin account will be eligible for the Limit Criteria			[Ledger balance] –[Unclear chq] No Collateral in the form of securities is acceptable
Criteria for Position Square off	• **Intraday Sq-Off time** Cash & F&O:- 3.20 pm , NSECD :-4.50 pm , MCX:- 11.15 or 11:45 PM or NCDEX:- 4.45 PM *The positions taken for intra-day should be cleared within the time frame as mentioned above.* *HTPL shall not be responsible for any uncovered open position on account of any technical failure after 3:10 pm.* • **MTM Sq-off:** a) First Call = 60 %, b) Second Call =70 %, c) Final call/Square off =80% Note : *Once the MTM loss of the intra-day positions reach 80% of the margin available, the positions should be cleared from the branch concerned, failing which the positions taken for the intra-day will be cleared off from RMS & Surveillance dept, therein after only DD, ATOM, or Fund Transfer is allowed to increase the exposure or limit.* • In case client MTM loss reaches to 60-70% at the end of the day,client will have to reduce the position upto the level of 50% or need to enhance the limit by additional margin. • **5 Days Sq-Off** : • All 5 days or more debits has to be cleared by 2:30 PM. • If the open position clearance not been initiated from branch, 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 on individual basis • Any NEFT/IMPS/RTGS is to be done, then it should be before 2:30 pm. Any probability or guarantee of client cheque receipt/fund transfer request will not be considered on 5th day.			

- At time of selling stocks, below method is followed:
  - Stock from Beneficiary Account
  - Stock from Margin Account (If sufficient stocks are not found in Beneficiary A/c)
  - Stock from POA Account (If sufficient stocks are not found in Beneficiary A/c & Margin A
- Incase total stock valuation (after haircut) falls below 80% of the total ledger debit, square off can be done even before T+4 days.
- In case at any point of time, if the client ledger arrived to debit due to whatever market volatile or higher position

Values in Less margin or dishonor of Pay in. Client will be responsible to pay the Dues to clear the outstanding in his/her ledger.

- In any Circumstances client fails to pay the due amount, Company will switch to Legal activities to recover such amount from client.
- In case client carries commodity OR Derivatives position more than 1 times, then he needs to pay shortfall tomorrow before 1:30 p.m. or before MTM hits 80% of the total credit available. in case the same is not done, position will be squared off after 1:30 p.m
  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.*
  ii. *If intraday positions carried without margin on two occasions then intraday limits will be permanently disable*
- The MTM loss arising in F&O positions need to be paid on the same day (T day) so that MTM settlement can be performed properly, failing which the positions will be reduced to the available margin level
- **RMS will Sq-off the position in case of :**
  a. Script highly volatile
  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 suspended the client

Cheque Bounce or Reversed Cheque	1 time instance - The position will be liquidated up to the shortfall amount and no further position will be granted. 2 to 4 instance - Trading will be allowed based on clear balance 5 & more - Trading account will be closed and freeze and subsequent reporting will be done to FIU.
Exposure/ Limit on Unclear	**Limits shall not be provided for clients on cheques under clearing in the following conditions:** • Branch has given the cheque details but the cheque is actually not presented to the bank. • Cheque entered in ld but it's not collected

Cheque	• 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.
Banned securities*	• On any Banned script Exposure will not be allowed. On open Interest only square off will be allowed. • Commodity declared as BAN by exchange, no exposure will be allowed. • Trading in commodity contracts will be banned a day prior to the delivery intention period.
Illiquid stocks /Agro Products	• Exposure: only 1 Times Exposure will be given on illiquid stock or Z or BE group. • In Equity segment newly listed shares usually do not have any DPR and hence, the chances for rate fluctuations are more. So the dealing in newly listed shares will be restricted to the available credit balance after considering the M2M levels
Penalty	• Any delay payment (after T+2) will attract appropriate interest p.a. • Any penalty by the exchange on transaction will be debited to the respective client. • In case of Bounce cheque penalty will be debited to account as per policy decided by the administration. • In case of F&O/Commodity Margin shortfall 1% or 5% penalty will be debited in the account • In case of Regulatory body suspend or client name appear under debarred list • Any observation like false commitment, fake deposit slip, cheque scanned but not deposited, false receipt of the cheque and or any such instances come to the notice of Risk department; no further exposure shall be given to the client and strict action shall be taken against respective RM/Dealer/BM

Clarification regarding margin collection by Clients	• 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 (HTPL Beneficiary account.) & Collateral Account will be considered for margin collection
	• Shares in Pool Account & Collateral Account will be considered for intra-day exposure in derivatives segment subject to a haircut of VAR margin. Exposure for C/F will be based only on the clear fund balance & Collateral holding with HTPL. No limit will be given against the POA stocks so branches needs to transfer POA stocks to collaterals account so that client can get the benefit
	• Limit against Premium credit for sell of Option Contract:
	   • Allow to take position in Option Contract Buy/Sell on same day
	   • Disallow to take position in Future &Option contract Sell on same day
	   • Allow to take Intraday or Delivery position for EQUITY scrips on very same day
	
	• MTM profit cannot be considered for taking fresh position in FNO segment on T day.
	• If cash component is utilized for fresh delivery in cash segment then the same will not be considered for FNO segment.
	Cheque dishonored/reverse or not cleared up to T+4 working days should not be considered for Margin Money.

	• Penalty if any occurring out of the short payment will be debited to the respective client's account after t+5 days • Provisional Margin shortfall penalty & late payment fees will be block from clear balance when payout • For margin collection & reporting concern if client has given Securities as margin which are sold in the cash market and the securities are in the pool account of the trading member but are not given as early pay in towards an obligation to deliver shares in the Capital Market Segment, benefit of margin will be given to the client till T+1 day from the sale of securities
Surveillance	Some of unethical and unpractical practice seen done by client or dealer or BM by the Department, strict action will be taken and the decision will solely by the department. Some are like : • Synchronized trading • Client Exchange Volume • Off market Transfer to Multiple clients and from multiple to single account • Client Script Concentration • Illiquid stock trading • Client Purchase/Sale to Income • Profit loss transfer
Quarterly / Monthly Settlement	• 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 upon settlement. Quarterly settlement will be done across all Exchanges and segments
Single Order Limit	• The maximum single order in the cash market would be restricted to 10000 Qty or Rs.25,00,000/- value. • The maximum single order in the Futures/option market would be restricted to 30000 Qty or Rs.50,00,000/- value. *The same may be reviewed and changed from time to time without prior notice.*
POA stock	➢ Margin POA required for Currency & F&O trading. ➢ Client will have to give Transfer of stock to our Collateral Margin DP A/c.No.1206500000026385
General	• No Family adjustment of ledger or cheque is allowed • No Third party cheque or collateral securities will be accepted • For franchise risk will be consider up to the level of 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 letter head.. • Positions taken as intraday can be converted to Delivery Product (MIS to NRML) subject to the availability of credit balance or on confirmation of Fund transfer.

	• Cover Order is not available for option trading.
	• All CO and MIS positions will be automatically squared off at the end of the each trading day.
	• 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 is not allowed.
	• No unlimited access granted on any Client ID, Dealer ID and Branch ID
	• Restrictions on Far-month contract
	• Short selling of Deep-in-the-money options would not be allowed.

Note:
HTPL will be not be held responsible for any consequence or loss arising out of above policy, if any, client will have to borne the loss

HTPL will have all the rights to change the policy

The above Risk policy is from the desk of Risk management and it is for internal circulation and it is mere a document for communication doesn't have any Legal stand and binding and it is restricted to the staff /Branch & Sub broker to follow the practice

Undertaking:

I / We hereby agree all the terms and condition as mentioned above and also confirm that I/we read the above policy and I/we will abide as mentioned in the policy.

Place:

Date: Client Signature and Seal if applicable

It is for internal circulation and it's a mere document for internal communication and it's restricted to staff/Branch and Sub-broker.

RMS Desk:

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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.

HTPL 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 HTPL may be unable to inform the client of such variation, reduction or imposition in advance. HTPL 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 Cash & F&O Segment
   - 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/HTPL from time to time. HTPL 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.

7. In case of clients' failure 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)

Checks in place
- We have a dedicated Risk monitoring team of 6 people who monitor the exposure, limit, etc.
- We have ODIN/NOW 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 & Now 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.

At the end of the trading hours, the dealer informs the clients about the execution of the orders placed by the clients. 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.

We have telephonic recording system for receipt of order and maintained the said record in machine and increased the hard disk capacity to store increase data and also transfer the same record in tape and maintained the said tape in safe custody forever.

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 is allowed if debit balance continues for one week
- No fresh trade is allowed unless old dues are recovered.
- Clients of Sub-brokers and Authorized Persons are handled by them and us both.
- The debits in client's account are either secured against sub-broker's deposits or are secured against collaterals.
- The company has a policy to transfer the securities of the client till the payment in respect thereof is received.

Exchanges follow a settlement schedule of T+2 in Capital Market segment, daily MtoM settlement & Final Settlement in Derivatives segment.

As per HTPL policy the customers need to pay the debit balance on the day of purchase itself or on next day. The left out clients' debit will not be allowed to carry forward beyond 5 days. No extension is possible beyond 5 days in whatsoever circumstances. All the debits aging more than 5 days will be cleared from Surveillance dept without further intimation to branches.

We have a system of sending clients Financial & Demat confirmations quarterly by 15th of the following month. The Confirmations are sending in hard copy physically and through e-mail (whatever possible) with the 30 days clause in it.

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 HTPL has RMS department at its corporate office situated at 402, Royal World, Sansarchandra Road, Jaipur-302001. The HTPL has a RMS (RISK Management System) Team, who is responsible for setting up the Client wise Trading limits, Margin collection & 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 HTPL 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.

We take Margin in the form of Funds through Account Payee Cheque, Electronic Fund Transfer and Securities. We have at most monitoring system which bars the acceptance of third party cheque. In case, client provide securities towards margin, we accept only liquid securities received from registered DP ID of client. On receipt of securities, RMS applied the required hair cut as per exchange VAR.

At the end of the day, Shortage of Client margin is calculated and reported to the Exchange. During the trading hours if any short margin observed, RMS team follow internal RMS policy, due diligence and update the status to the respective branch/ SB/AP and to clients .In case client doesn't respond RMS team Sq-off the open position and subsequently intimate to the client.

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 debit and credit status is email or SMS to client on daily basis. In case of debit balances regular follow-up has been done. The RMS team does monitor the debtors and if client exceeding the exchange norms of T+5 day the trading is been halt, unless and until the debit is not clear by client.

G. Margin Reporting Procedure:

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

The HTPL reports 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 (HTPL 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 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 the 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:
- Receipt of collateral from client and acknowledgement issued to client on receipt of collateral
- Record of return of collateral to client
- Credit of corporate action benefits to clients

Margin Shortfall Penalty

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

With reference to SEBI circular no. CIR/DNPD/7/2011 dated August 01, 2011, where in it has been stated that "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. September 01, 2011:

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:
- 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.
- 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.
- 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

- HTPL 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. HTPL 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 there of 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:
  - ➢ In case of Margin Trades, if the open position is neither squared off nor converted to Delivery by Client(s) within the stipulated time.
  - ➢ In case of Margin Trades, where Mark to Market Loss on the open position has reached the 80% of the margins placed with HTPL and the Client(s) have not taken any steps either to replenish the margin or reduce the Mark to Market Loss.
  - ➢ 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
  - ➢ where the Client(s) have defaulted on their existing obligation/ failed to make payments/deliver securities to HTPL with the stipulated time
  - ➢ Extreme volatility in the market in particular scrip of both the segment
  - ➢ There are any restrictions imposed by exchange or regulator on the contract(script)
  - ➢ 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
  - ➢ The client has taken or intends to take new position in a security which is in the banned period
  - ➢ There are any unforeseen adverse market conditions or any natural calamity affecting the operation of the market.
  - ➢ When margin amount due from the client is not received by T+2 days.
  - ➢ When any initial margin available in the client's account is less than the requirement for SPAN margin

- For Old Debits more than T+4 clients are given SMS on their registered mobile number with HTPL. Authorized person/sub- broker of client is also informed about old debit by email and message is flashed on trading system for the same. In case client fail to clear debits before 2:30 PM of T+4 th day then RMS would sell existing stocks of clients to recover old debits.

- In case of liquidating client position arising from MTM loss HTPL informs client about the MTM loss on registered mobile once MTM loss is 60%, 70% and 80%.

- Once MTM loss crosses 80- 85% HTPL would liquate client's position if client have not paid for loss arising in outstanding open position or have squared off open position.

- HTPL 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 square 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 same calendar 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.

HTPL likes to pay special attention to dealing in "Penny Stocks". To this end:
- HTPL may refuse to execute any client's orders in "Penny Stocks" without assigning any reason for the same.
- 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 HTPL
- In case of sale of penny stocks as approved by RMS, clients shall ensure the delivery of shares to HTPL 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

HTPL 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.

HTPL shall also have a right to close existing positions of the clients in the abovementioned circumstances

HTPL shall not be responsible for any loss incurred and the client shall indemnify HTPL 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 in writing should be made by the client to the management 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

Hindustan Tradecom Pvt. Ltd. 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 clients 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 clients 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.

Amendments (Dated: 23rd September 2019)

1. As a part of our Risk Management System, we observe the trading position of respective client as well as his Credit balance / Securities available with us, etc. and depending upon the same, we can transfer the client's securities from client's unpaid securities account / Pool Account to Client's demat account in spite of having the unpaid securities of the respective client only in the discretionary conditions duly discussed with the management. Except with such discretionary power lying with the management, we prescribed following in any other cases:

   i. Securities that have not been paid for in full by the Clients (Unpaid Securities), will be transferred to "Client Unpaid Securities Account" and will be disposed off in the Market by us on or before 5 Trading Days after Payout without giving any previous notice to the client, if funds obligation is not fulfilled by the respective Client and Profit/loss on such sale transactions will be transferred to/adjusted from the respective client account

2. In case of partial payment, we can retain full value of securities till the 5th day from the pay-out date in "Client's Unpaid Securities Account" and such securities will be transferred to the Demat Account of the respective Client only upon fulfillment of clients' funds obligation within Five Trading Days.

3. Procedure for Liquating the client securities that have not been paid for in full by the Clients (Unpaid Securities):
   i. In case of multiple securities, disposed the securities on pro-rata basis (Securities sold in equal proportion to recover the total unpaid amount), e.g.
      a. In case of any client purchase securities worth Rs. 2,50,000 with only Rs. 1,00,000 available ledger balance and purchase 10 different types of securities, then we sold each securities in equal proportion, i.e. 60% of each securities sold (150000/250000 = 60%) to recover the entire unpaid amount of Rs. 1,50,000 from the respective client.

4. In case of old debit of client is not realized in full by way of receipt of clear funds in our bank accounts or by way of realizing pay out as a result of liquidation of securities, then not allowed to initiate the buy trade in the same day in the respective client's account until receipt of clear funds.

5. Securities kept in "Client unpaid securities account" cannot be considered towards client's margin obligation.

General Note: All the above policies are for internal use only and are subject to change without prior notice. These policies are based on the current prevailing notices/circulars/directives from SEBI/Echanges/other regulatory bodies, at the time of designing policy framework. HTPL is not bound in any condition whatsoever.