

SRSPL RMS Policy

1. Introduction

Suresh Rathi Securities Pvt. Ltd. is a member of the National Stock Exchange, Bombay Stock Exchange, in the Equity, Equity Derivative Segment and Currency Derivative Segment having its registered office at 11/12, Mithila 'A' CHS Ltd. J. B. Nagar, Andheri (East) Mumbai - 400059.

RMS stands for Risk Management System. To manage the risk of the company from the volatility of the market. Risk is inherent in all aspects of a commercial operation, however for a stockbroker; risk is an essential factor that needs to be managed. Risk emerges from the ground that the client in spite of execution of trades/ due to market volatility, has failed to make payment of required margin / outstanding dues/ replenishment of collateral as stock on time.

2. Objectives & Functions of RMS

- Prior Submission of allocation of funds to respective clients in the exchange before allowing transaction to clients.
- Monitoring of orders, trades done by clients, Checking order rejections and increase of client's exposure.
- Monitoring the MTM profit/loss incurred out of trades, comparing the Actual Margin requirements of clients and the Total Margin available for clients on a one to one basis and initiating remedial actions, if required.
- Decision taking with regard to squaring off positions on account of MTM loss or Margin shortfalls or any other reasons that may come across, if required.

3. Meaning of Client's Available Fund for trading purpose

Sum of credit balance available in the client's ledger as per our books and value of pledged securities after applicable haircut.

4. System of placement of Client Orders in different Segments

For operational ease, all orders have been categorized into different categories enabling clients to avail diversified exposure. SRSPL provides clients with an opportunity to trade in equity capital segment, equity derivatives segment and currency derivatives segment both in NSE and BSE exchanges. These are the details for exposure in Intraday and delivery

based trading. For availing such benefit, the respective client must be precise with the given category while executing trade through a dealer or own. The categories are enumerated below:

(a) Equity Capital Segment

In Margin Product

It involves creating and squaring off the position on same day. Wherein a client is eligible to trade upon adequacy of applicable margin (EOD and Peak both). In case positions are not squared off by the client, the "Margin" trades are squared off by RMS at 3.15 P.M.

In Delivery Product:

Wherein a client is eligible to execute buy trade upon availability of full delivery amount and for sale trade, if securities are available in client's DP account backed with POA.

(b) Equity / Currency Derivatives Segment

In Intraday Product:

Applicable for clients intends to do intraday trades only. Limit will be provided as per fund available of the client. In case the outstanding positions are not square up by the client, the "intraday" trades are squared off by RMS at 3.15 P.M.

In Carry Forward Product:

According to the various guidelines mentioned by the exchanges, the span margin plus exposure margin known as initial margin will be required upfront to take the position and total margin is required to carry forward the position. Clients need to maintain the required upfront margin and EOD margin (end of the day margin) as per the exchange on daily basis to avoid any penalties for short allocation and EOD/Peak margin shortfall.

Our RMS continuously monitor the margin requirement of all the clients during the market hours and after that both. In case of any shortfall of margin, RMS makes a margin call to client and ask them to fulfill the margin requirement immediately. If margin requirement is not fulfilled by client, RMS square off the client's position to the extent required.

5. MTF Policy:

Creation of MTF Position:

MTF means Margin Trading Facility and can be used by the client to avail funding from the broker. Client will get limit on the collateral available for MTF position. Collateral may be in form of pledged securities value after haircut or cash collateral against MTF position. MTF is available only on

approved group 1 securities as specified in Section 1.1.3 of Chapter IV of SEBI Master circular no. SEBI/HO/MRD/DP/CIR/P/117 dated October 25, 2019 (previous SEBI circular SEBI/HO/MRD/DP/CIR/P/2016/135 dated December 16, 2016)

Margin Requirement for MTF Funded Stock:

The minimum initial margin required shall be as under: -

CATEGORY OF STOCK	APPLICABLE MARGIN
Group I stock available for trading in the F & O Segment	VaR + 3 times of applicable ELM*
Group I stocks other than F&O stocks	VaR + 5 times of applicable ELM*

* For aforesaid purpose, the applicable VaR and ELM shall be as in the cash segment for a particular stock

RMS shall ensure that the initial margin is maintained for all the open funded positions as per the aforementioned prescribed rate at all times.

In case of margin requirement is not fulfilled by clients, RMS will square off the funded stock on next day to the extent required.

OTP Confirmation for Pledge of MTF Funded stocks:

After MTF Trades done, A link is sent by CDSL to clients on client's registered email and mobile number to confirm pledging of funded securities thru OTP on same day in the evening. Validity of the link will be T+1 EOD. In this case, client must compulsorily confirm the MTF funded stocks pledge request by EOD of T+1 day or else those shares bought under MTF product will be liquidated on & after T+2 day without any further information to the client. This process will be followed on daily basis.

6. Policy on CUSPA (Client Unpaid Securities Pledgee Account)

In respect of unpaid securities (i.e., securities which have not been paid for in full by the clients on T Day), we have passed a resolution vide Board Resolution dated 15/04/2023 to transfer such securities to the demat account of the respective client without transferring them to CUSPA.

7. Potential risk of higher margin in case of hedged position

Clients are informed here about potential situations resulting in a hedge break / loss of cross margin benefits like square off by the clients / expiry of

some leg(s) of the hedged position of the clients, leading to higher margin obligation on the open position(s).

8. General Points:

- Exposure will be provided to client after allocation of fund is done in exchange as per SEBI regulation regarding prior allocation of client's fund.
- Exposure limit will be provided to clients on their available fund as defined in point number 2. Upfront margin will be required for all types of trades.
- Valuation of Securities is calculated by applying appropriate haircut based on Securities VaR margin percentage specified by the exchanges on prescribed rates of securities.
- We provide exposure limit to clients against early pay in of the securities to the extent of 65% of sale value.
- No limit will be provided on the shares lying in the respective client DP a/c, trade to trades stock, breach limit securities, unapproved Securities, securities with 100% VaR.
- We reduce the live exposure limit by MtoM loss but for MtoM credit benefit will be provided on next day trades only.
- In case of liquidation of the long open call/put option, the limit for the sale proceeds will be given on the next day.
- Client's trading account is blocked for new buying or creating new derivative position after five days of continuous debit.
- The client can only sell X, T and Z category of shares in delivery product only provided the same is available in his DP under POA provided to us.
- In case of extreme market turmoil, RMS will have an absolute discretion to deal with the situation in the interest of the Market at large and Limits can be changed without any prior notice by risk management department.
- In case of client is not providing valid bank detail for trading account, RMS will have an absolute discretion to mark client's trading account as dormant and restrict to trade further on this ground.

Reviewed on 31.10.2024