

RISK MANAGEMENT POLICY

1. **RMS Functions:**

- i. To check capital adequacy for exposure and requirements of the client.
- ii. Monitoring of Clients Order, Patterns of Trade, Order rejections, increasing of Exposure/Limits.
- iii. Monitoring MTM profit/loss incurred out of trades.
- iv. Benchmarking Margin v/s Exposure of client.
- v. Decision taking with regard to squaring off positions on account of MTM loss or Margin shortfalls or any other reasons that may come across.
- vi. Risk management in relation to all the trading activities for Clients is handled by RMS & Surveillance Dept.

2. **Pay-in and Pay-out:**

- i. Funds and/or securities pay-in to be done on T+1 basis, if funds pay-in is not received by the close of the working hours on the day next to the trade day, the same shall be subject to a penalty percentage which shall not exceed 18% Per Annum. This penalty shall be levied for the actual period for which the payment for the transaction / transactions has been delayed.
- ii. Pay-in fund and securities must be complete by the close of the working hours on the day next to the trading. However, securities can be paid in maximum by 10:30 AM (T+1) in day i.e., that is on the second day from the trading day. If not, such transaction is settled by way of auction and the auction loss has to be borne by the customer.
- iii. The local clients give us their cheques at the corporate office or can transfer funds electronically into any of our client bank account and inform respective details to Accounts department. To cater to remote clients we have opened CBS accounts with multiple banks. These account numbers are notified to clients time to time, who can deposit their cheques in these accounts and send us an e-mail (at chqrcv@anspl.net) comprising the cheque number and the bank where they have deposited the cheque. The clients also send us through courier counter-foil of the pay-in slips which they have used to deposit the cheque. However, we give credit to the client's ledger accounts once we received the e-mail intimation from the client. In case any credit is not reflected in the bank account in two days, the credit in client ledger is reversed if the cheque is found to be dishonored, also we levy a penalty on the client in addition to penalty levied (if any) to us by bank.
- iv. Clients are transferred pay-out through NEFT/RTGS. However, clients maintaining their account on a running basis do not take their pay-out on a transaction-to-transaction basis. Whenever they want the pay-out, they inform us through sub-broker (or a direct client will inform the Accounts Department in Corporate Office) and the clear credit balance (open bills are not considered for ledger credit as pay-out is not received by us) is released to the client.

3. **Exposure:**

- i. Margin based limit is set on combined basis for all the Segments of exchanges
- ii. Clear credit lying in client's settlement and margin ledger account
- iii. Margin pledged by client through OTP authentication system of CDSL
- iv. Any Online funds transfer accrued in our Bank Account.
- v. Credit received in our client bank account against sale of- securities
- vi. Margin amount of open positions (in case of derivatives)

- vii. All the cheque dishonor cases are viewed seriously and debit amounts in such accounts will be cleared from RMS dept.
- viii. If the client do the early payin of the securities sold on T day, he/she can use 80% of the sell proceeding against further trade

4. No Further Exposure beyond T+5 days of debit:

- i. In situation when debit continues for 5 trading days, In case of a client having an open position and his available margin (in terms of ledger credit and collaterals) being consumed towards the margin requirement of the existing open position such client shall not be allowed to take any further position either in Cash Market or F&O Segment until the clear ledger balance is not available with us.

5. Delayed payment charges

- i. If the utilized funds cross the available balance in the clients' Ledger Account, additionally if the charges are debited without sufficient balance, it will lead to a debit balance and in such instances, delayed payment charges (Interest) will be levied as per additional rights and obligations signed and agreed upon by the clients.
- ii. Exchanges stipulate that 50% of the margin needs to compulsorily come in cash or cash equivalent collateral in F&O positions. Hence, clients are required to maintain collateral in the form of 50% Cash and 50% Non-Cash to meet the margin requirements.
- iii. The clients shall have to maintain the sufficient collaterals in the desired ratio which is minimum 50% Cash component and remaining 50 % may be Non-Cash component. Any shortage would be liable to the delayed payment charges as per additional rights and obligations statement signed and agreed upon by the clients.
- iv. Cleared Credit Ledger Balance + Approved Cash Equivalent securities as per the Clearing Corporation valuation and in terms of the prudential norms for the Clearing Corporations (i.e. Approved Cash Securities Valuation will be in accordance with ISIN wise CC Limits and Members Limits)
- v. Approved Non-Cash Securities as per the Clearing Corporations valuation and in terms of the prudential norms for the Clearing Corporations (i.e. Approved Non-Cash Securities Valuation will be in accordance with ISIN wise CC Limits and Members Limits)
- vi. Clients are requested to access the Exchanges / Clearing Corporation website to check, review and understand the circulars issued by the Clearing Corporations / Exchanges with regards to the approved cash and non-cash securities collaterals.

6. Physical Delivery Contracts on Commodity Segment

- i. The clients whose positions are open in physically deliverable commodities future and ITM options contracts, intimation will be sent to the clients before the last 5 trading days (Tender Period) of the contracts' expiry to square off or rollover the open positions to avoid any physical delivery related settlement compliance issues. All physically deliverable commodities will be banned for trading in last 5 trading days and no fresh positions will be allowed to carry over in Tender Period except it will be open for clients who intent to take or give deliveries and having Active Demat a/c (COMRIS, CCRL and NERL) complied with required state GST registration for particular commodity.

ANSPL may liquidate physically deliverable commodities open positions of the clients who do not have Commodities Demat account (COMRIS, CCRL and NERL) with required state GST Registration for the particular commodity.

- ii. In case, during the tender period, the current expiry open positions are not squared off or roll over by the clients, the contract will be settled physically for futures and ITM options. In case the client does not fulfill the deliveries / Funds pay-in obligations, the client will be penalized and have to bear charges as per exchange guidelines.
- iii. Clients who do not have required GST compliant Demat accounts, we strictly advise those clients to square off or rollover their current expiry open positions in Futures and Options before the tender period starts.

7. Settlement of Clients Funds

- i. As per the regulatory guidelines, the actual settlement of clients' funds shall be done by ANSPL at least once in a quarter or month (First Friday of the Quarter or Month). Further, ANSPL shall settle funds of the clients who have not traded in last 30 days. On the date of settlement, ANSPL may retain the requisite funds towards outstanding obligations and may also retain the funds expected to be required to meet the open margin obligations calculated in the manner specified by the exchanges.

8. Unpaid Shares:

- i. We do not permit transfer of securities, which are unpaid, to clients account in the event of non-payment. Such securities which are unpaid till the 5th trading days from the date of pay-out would be disposed off in the market in proportion to the amount not received and after taking into account any amount lying to the credit of the client. The balance securities shall be transferred to the respective client's demat account.
- ii. In case of partial payment is received against the ledger debit towards the purchase of shares, full value of securities may be retained till the 5th day from the pay-out date. We shall however, within such 5 days, transfer the unpaid client securities to client's demat account after disposing the securities in proportion to the amount not received prior to the 5th trading day.
- iii. We may transfer all the shares as available in our CUSA account to client's demat account even if the client's ledger is debit only when client has given power of attorney of such demat account to ANS Private Limited. Such decision would be at the discretion of respective RMS Head. Further it is obligation of such client to clear the respective debit or else DPC would be levied as stated in point 1.
- iv. We at our sole discretion can use the power of attorney granted to us for the demat account of client, for transfer of shares from client's demat account to client collateral account for the purpose of security against the debit amount of ledger across all the segment. Also any such balance available in the demat account of the client, of which we are having power of attorney, can be disposed off in market to recover the debit amount in the ledger if such debit is not cleared by client within 10 trading days from the pay-out date. Prior intimation may be given to the client in the regards of disposal of such shares or securities. You may refer our CUSPA Policy available on Policy section on Website.

9. Other Surveillance Measures:

i. **Refusal of order for penny stocks / illiquid contracts/Scripts under ASM and/or GSM:**

- ANSPL may refuse or restrict a client in placing the order in certain securities depending on various conditions like volume / value / part of illiquid scrip's / Z group or T group of securities although a client may have credit balance or sufficient margin in the trading account. However under exceptional circumstances may execute clients order. ANSPL has the discretion to reject execution of such orders based on its risk perception. In case of F & O segment, ANSPL may refuse or restrict the Client in placing the order for far month Future & Option contracts.
- Newly listed securities, illiquid securities and Trade-to-Trade securities which have high VaR margin are subject to high market risks and rate fluctuations. Illiquid securities and Trade-to-Trade securities will have a daily price range (DPR) whereby the chances that these shares can reach the upper DPR or Lower DPR during a trading day are higher than other securities. Hence, the dealing in these securities will be subject to permission from the surveillance department.
- Further limits upto Rs. 10000 (such amount may be vary looking at the market situation and other such affecting conditions, no prior intimation in this regards be given to clients) be allowed for scrips under ASM/GSM so as to enable clients to settle transactions if any.

ii. **Regulatory conditions under which a client may not be allowed to take further position or ANSPL may close the existing position of the client:**

- In case overall position in a scrip / derivatives contract has reached the Regulators prescribed or any limit set by ANSPL / Exchange limit / Market wide open interest limit / Client level limit, then client may not be allowed to take further positions, till such time Regulators prescribed limit comes down to create a new position.
- Further ANSPL may close the existing position of a client to the extent of debit balances to release the margin from the Exchange. In case if ANSPL has sufficient margin cover on behalf of its clients, it may still decide based on the market conditions and risk perception not to allow further position or may close the existing position of a client.

iii. **PMLA Guidelines:**

- Client will be categorized as High, Medium and Low risk customer as per their risk appetite and their current profile as mentioned in Know your client form (KYC). The same will be reviewed at regular intervals as per PMLA Policy of ANSPL.
- Exposure to client may also be governed by customer profiling mentioned above from time to time. Client needs to furnish their income details on yearly basis. Following documents will be accepted as income proof
 - Copy of ITR Acknowledgement
 - Copy of Annual Accounts
 - Copy of Form 16 in case of salary income
 - Net worth certificate
 - Salary Slip
 - Bank account statement for last 6 months
 - Copy of demat account Holding statement.
 - Any other relevant documents substantiating ownership of assets.

- If there is a major disparity between financial details and trading volumes, client may be asked to furnish suitable explanation and based on the same further trading limits will be sanctioned.

iv. Suspension of Clients and holding their Pay-outs:

- ANSPL may withhold the payout of client and suspend his trading account due to any internal surveillance in any situations like client being found to trade in suspicious manner, if client found to be actively trading in the scrips for which unsolicited messages are circulated.

10. System/Network Risk:

High volume trading will frequently occur at the market opening and before market close. Such high volumes may also occur at any point in the day. These may cause delays in order confirmation and/or execution.

- During periods of volatility, on account of market participants continuously modifying their order quantity or prices or placing fresh orders, there may be delay in order execution and its confirmations.
- Under certain market conditions, it may be difficult or impossible to liquidate a positions in the market at a reasonable price or at all, when there are no outstanding orders either on the buy side or the sell side, or if trading is halted in a security / derivatives contract due to any action on account of unusual trading activity or security / derivatives contract hitting circuit filters or for any other reason.
- Trading on exchanges is in electronic mode, based on satellite/leased line based communications, combination of technologies, and computer systems to place and route orders. Thus, there exists a possibility of communication failure or system problems or slow or delayed response from system or trading halt, or any such other problem/glitch whereby not being able to establish access to the trading system/network, which may be beyond control and may result in delay in processing or not processing buy or sell orders either in part or in full. You are cautioned to note that although these problems may be temporary in nature, when you have outstanding open positions or unexecuted orders; these represent a risk because of your obligations to settle all executed transactions.