

RISK POLICY FOR MARGIN TRADING FACILITY

I. INTRODUCTION

ANS Private Limited (“ANSPL”) is registered as a Stock Broker with NSE, BSE, MCX and NCDEX. SEBI vide circular ref. no. CIR/MRD/DP/54/2017 dated June 13, 2017 has provided a comprehensive framework for stock brokers wishing to provide Margin Trading Facility.

The Board Directors of the Company at their meeting held on 01st January 2024 had accorded their approval to apply to NSE and BSE for seeking approval for provision of Margin Trading Facility to its Stock Broking clients.

This Policy has been framed to outline the Risk Containment Measures governing the Margin Trading Facility provided by ANS Private Limited to its Stock Broking clients.

II. DEFINITIONS

“**Margin Trading Facility/MTF**” is a facility offered by ANSPL which allows the Client to take positions by providing prescribed margin and the balance amount is funded by IDBI Capital to meet pay-in obligations of the Client. The Client can later take delivery either by making the necessary funds settlement or square off of such positions

“**Client**” shall mean a customer of ANSPL who has executed the documents required for opening of trading account with ANSPL and who has opted for the Margin Trading Facility having accepted the Terms and Conditions thereto and is aware of the Rights & Obligations with regard to the provision of the said facility.

III Source of Funds

- Own funds
- Borrowed funds from scheduled commercial banks and/or NBFCs regulated by RBI, borrow funds by way of issuance of Commercial Papers (CPs) and by way of unsecured long-term loans from promoters and directors. The borrowing by way of issuance of CPs shall be subject to compliance with relevant RBI Guidelines. The borrowing by way of unsecured long-term loans from the promoters and directors shall be subject to compliance with appropriate provisions of the Companies Act, 2013.
- Shall not be permitted to borrow funds from any other source, other than the sources stated above.
- Not permitted to use the funds of any client for providing the margin trading facility to another client, even if the same is authorized by the first client.

Basic of MTF Trading

Margin Trading Facility (MTF) is a facility offered to investors in buying shares and securities (Only MTF Approved) from the available resources by allowing the investor to pay a portion of the total transaction value called margin.

Investors who wish to avail of the MTF need to undertake by signing/accepting additional Terms and Conditions. It ensures that investors are completely aware

of the risk and rewards of trading in it.

Features of MTF:

- Allows investors to create a leverage position in Cash Segment (NSE CASH & BSE CASH)
- MTF is a leveraged product where you are buying shares beyond your purchasing power. This means both your profits and losses are multiplied (due to leverage).
- The positions can be created against the margin amount which can be in the form of cash or shares as collateral.
- Customers can carry position for up to 360 days
- Since it is a leveraged product, MTF is offered in select stocks only. The Securities and Exchange Board of India (SEBI) identifies the securities where MTF is allowed

Benefits for Investors:

- MTF is ideal for investors who are looking for benefit from the price movement in the short-term but not having sufficient cash balance.
- Utilization of securities available in portfolio/Demat Account (using them as shares as collateral).
- Maximum utilization of capital deployed
- MTF enhances the buying power in the cash market
- Prudently regulated by the regulator and exchanges.

It is of paramount importance that one should understand their risk-return profile before entering an MTF offering. It is also equally prudent that one should not get overboard on leveraged trading under MTF.

III. MARGIN REQUIREMENT

- a. Initial margin shall be collected upfront from all clients availing of the margin trading facility through ANSPL.
- b. Minimum initial margin as specified by SEBI shall be as follows:

Category of Stock	Applicable margin
Group I stocks 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 as notified by the Exchanges from time to time.

- c. The Risk Management Team of the Company may from time to time specify higher initial margins than that specified above.
- d. The initial margin payable by the client to ANSPL for Margin Trading Facility shall be in the form of cash, cash equivalent or Group I equity shares, with appropriate hair cut as specified in the Regulators from time to time. Such haircut at the discretion of the RMS Team having regard to market conditions, nature of stock etc., may exceed that specified by the Regulators from time to time.
- e. Collateral
 - i. Margin for MTF may be accepted in the form of Group I equity shares, with appropriate hair cut as specified by Regulators from time to time. The RMS Team may from the universe of Group I equity shares permit only liquid stocks as specified by the Exchanges from time to time to be accepted as collateral.
 - ii. The stocks deposited as collateral with ANSPL for availing margin trading facility (Collaterals) and the stocks purchased under the margin trading facility (Funded stocks) shall be identifiable separately and no comingling shall be permitted for the purpose of computing funding amount
 - iii. Collateral and Funded stocks shall be marked to market on a daily basis
 - iv. In case of increase in the value of Collaterals, ANSPL shall have the option of granting further exposure to their clients subject to applicable haircuts;

Such further exposure can be granted by the RMS Team having due regard to market conditions, risk assessment of the client, funded stocks etc.
 - v. However, no such exposure shall be permitted on the increased value of Funded stocks.
- f. RMS Team shall ensure maintenance of the aforesaid margin at all times during the period that the margin trading facility is being availed by the client
- g. In case of short fall, RMS Team shall make necessary margin calls.

IV. TREATMENT OF DEFAULT OF MARGIN REQUIREMENTS

RMS Team shall have the discretion to liquidate the collaterals/positions of the client in the event of shortfall of margin depending on the security and market volatility as it deems fit at its sole discretion as necessary for risk mitigation

V. LEVERAGE AND EXPOSURE LIMITS

- a. At any point of time, the total indebtedness of ANSPL shall not exceed 5 times of its net worth, calculated in the manner specified by SEBI from time to time.
- b. The maximum allowable exposure of ANSPL towards the margin trading facility shall be within the prudential limits specified by the RMS Team of the Company from time to time and shall not, in any case, exceed the borrowed funds and 50% of net worth of ANSPL calculated as specified in sub clause (a) of this clause.
- c. While providing the margin trading facility, RMS Team shall ensure that:
 - i. exposure to any single client at any point of time shall not exceed 10% of ANSPL's maximum allowable exposure, as specified in para b above.
 - ii. exposure towards stocks purchased under margin trading facility and collateral kept in the form of stocks are well diversified.

VI. REVIEW OF THE POLICY

This Policy shall be reviewed annually and updated periodically to incorporate the changes if any made by SEBI, Exchange or any other regulators or to incorporate the changes necessitated due to changes in the market condition or to strengthen the internal control or for such other reason as deemed fit.
