

## **RISK MANAGEMENT POLICY**

This document outlines risk management policies and procedures framed and followed by Asit C Mehta Investments Intermediates Ltd ("ACMIIL") with respect to its dealing with its clients as a stock broker on National Stock Exchange of India Ltd. (NSE), BSE Ltd. (BSE) (collectively hereinafter referred as "the Exchanges"). The policies and procedures as stated herein below are subject to change from time to time at the sole discretion of ACMIIL, depending upon regulatory requirements / changes, its risk management framework, other market conditions, etc. The said policies and procedures and any revision/updation in the same from time to time is/will be available on our web site [www.Investmentz.com](http://www.Investmentz.com).

### **Setting client's exposure for trading**

ACMIIL takes into consideration the regulatory requirements, client profile, internal risk policy, market conditions, etc. while setting up the exposure limits for and on behalf of the clients. Considering the said parameters the exposure limit for a client would be set up as follows:

Exposure limits to the client will be provided based on the available cash margin and stock pledge value in the client's a/c maintained with ACMIIL. Additional haircut of 20% deducted from the value of pledge stock (after exchange's haircut) while setting limit for trading.

The trading multiple depends upon the VAR of the securities traded. For delivery limit only ledger balance is given. The pledge value is considered only for intraday trading and FNO trading, for buying an option clear credit required in the ledger.

The limit is utilized based on VAR, ELM (cash segment) and Span+exposure+mtm (Derivative segment) margins as stipulated by the Exchange.

Upfront margin deposit is mandatory for trading in all segments viz cash, derivatives and currency derivatives segment, etc.

Limit can be upgraded on handing over additional margin/deposit through ACMIIL's local representative office.

The exposure limits will be a certain multiple of the available margin. Such multiplier will be as decided by ACMIIL from time to time at the sole discretion of ACMIIL and may vary from client to client.

ACMIIL may, at its sole and absolute discretion, levy and demand from the clients additional margin over and above margin stipulated by the Exchanges.

In case of F&O/Derivatives Segment or Currency Derivatives Segment, notwithstanding the fact that ACMIIL may prescribe higher margin requirement, if the margin available in the client's account is sufficient to meet minimum margin requirement prescribed by the Exchanges for collecting from the client, then ACMIIL, at its sole and absolute discretion, may allow the client to take further exposure and / or continue with the existing position of the client as per such exchange prescribed margin. The client cannot raise any concern/dispute for the same.

In case of F&O Segment, if the combined MWPL utilization at the end of day across Exchanges exceeds 70%, the Exchanges may levy higher exposure margin, which shall be applicable from next trading day till the open interest in the security reduces to below 70% of MWPL. Any such margin, if levied by the Exchanges, may be collected by ACMIIL from the clients at its sole and absolute discretion.

In case of securities in GSM category (where the buyer shall be required to provide Additional Surveillance Deposit (ASD) of 50% of trade value for GSM stage II and 100% of trade value for GSM stage III, IV and 200% of trade value for GSM stage V & VI) and ASM category, any ASD or additional margin, if levied by the Exchanges, the same may be collected by ACMIIL from the clients.

Any Additional Surveillance Margin if levied by the Exchanges may be collected by ACMIIL from the clients at its sole and absolute discretion.

Further, while determining the exposure limit, the funds and/or securities available in one segment/ exchange may be taken in to consideration for determining exposure limits for another segment / Exchange.

The choice of the securities to be considered as margin shall be determined by ACMIIL at its sole discretion from time to time and the client shall abide by the same.

While determining the exposure limit, margin in the form of securities will be valued as per the latest available closing price on NSE or BSE after applying appropriate haircut as may be decided by ACMIIL.

Ratio of shares to funds is based on cash margin available in ledger and it may revise the on time to time based on the regulatory requirements and internal risk policies.

Margin is maintained separately for shares and funds. Special instructions are required to be given to ACMIIL to release the shares from the client collateral account.

No further exposure shall be granted to the clients when debit balances arise out of client's failure to pay the required amount and such debit balances continues beyond the fifth day.

ACMIIL may from time to time depending on market conditions, profile and history of the client, type and nature of scrip, etc., at its sole discretion at any time and without any notice charge/change the rate of haircut applicable on the securities given as margin, multiplier for determining exposure limit and take such steps as ACMIIL may deem appropriate.

### **Refusal of orders for Penny Stocks and/or Illiquid Stocks/Contracts/Options**

In view of the risks associated in dealing with Penny Stocks and/or Illiquid Stocks/Contracts/options, ACMIIL would generally advise its clients to desist from trading in them. Further, SEBI, Exchanges or ACMIIL may issue circulars or guidelines necessitating exercising additional due diligence by the clients, for dealing in such securities. A security may be treated as Penny Stocks/ Illiquid Stock /Contracts/Options if it falls in any one of the following category as mentioned herein below:

- Securities appearing in the list of illiquid securities issued by the Exchanges periodically.
- Securities identified under Graded Surveillance Measure (GSM) and Additional Surveillance Measure (ASM).
- Illiquid options/far month options/ long dated options.
- Securities having market capitalization less than Rs.25 crore
- Any other securities/ contracts/options as may be decided by ACMIIL, which may be considered by ACMIIL in its sole discretion as volatile or subject to market manipulation or have concentration risk at client level or at the security level or for any other reason

Trading in such securities will be allowed to the client at the sole and absolute discretion of ACMIIL. Such securities may be blocked in normal trading system and any dealing in such securities will be allowed only on the approval of the Risk team of ACMIIL as it may deem fit. ACMIIL may restrict the quantity of such securities if the client is allowed to buy/sell. ACMIIL may further insist up to 100% advance pay-in of funds/securities before allowing trades in such securities. In case of Securities identified under GSM and ASM, Additional Surveillance Deposit (ASD) collected by the Exchanges shall be collected from the client and the same shall be only in form of cash and to be retained till released by the Exchanges. This ASD shall not be refunded or adjusted even if securities purchased is sold off at the later stage within a quarter and also shall not be considered for giving further exposure.

Under no circumstances, ACMIIL shall be responsible for non-execution/delay in execution of such orders pursuant to delay in taking any decision to allow or not to allow trading in any such Penny Stocks/ Illiquid Stock /Contracts/Options, and consequential opportunity loss or financial loss to the client.

The above list of criteria is an indicative list. ACMIIL may at its sole and absolute discretion define from time to time other category/criteria to treat a security as Penny Stocks/Illiquid Stock/Contracts/Options.

### **Imposition of penalty & /Interest on delayed payment-**

#### **Imposition of Penalties**

The Exchanges/Clearing Corporation/SEBI levies penalties on the broker for irregularities observed by them during the course of business. ACMIIL shall recover such imposed penalties/levies, if any, by the Exchange / regulators, from the client which arise on account of dealings by such client. Few of the examples of violations for which penalties may be levied are as follows:

- Shortage of securities sold and auction of such short securities;
- Non adherence to client level exposure limits and market-wide position limit;
- **Short margin reporting in Cash, F&O and Currency Derivatives Segment??;**
- Any other reasons which may be specified by the Exchanges/Clearing Corporation/SEBI from time to time. Such recovery would be by way of debit in the ledger of the client and amounts would be adjusted against the dues owed by ACMIIL, if any to the clients. In case there is no amount owed by ACMIIL to the client, the client shall undertake to pay such amount to ACMIIL without any protest immediately on demand/posted in the ledger.

#### **Interest on Delayed payment**

While dealing with ACMIIL it is a responsibility of the client to ensure that the required margins (including but not limited to initial margin, exposure margin, extreme loss margin, buy premium, mark to market and/or other margins), any outstanding settlement obligations and/or any other dues payable to ACMIIL are paid within the time period stipulated by the Exchanges or ACMIIL, whichever is earlier. In the event if the client delays/ defaults in meeting its above said obligations towards ACMIIL and have any debit balance in ledger beyond the stipulated time period, ACMIIL shall have absolute discretion to charge and recover from the client's account, interest on delayed payment at the rate of 18% per annum or at such other rate /interval as may be determined by ACMIIL from time to time for the delayed period. **If there is any increase in rate of interest on delayed payment, the same will be done after giving notice of 15 days to the client.** Interest will be calculated considering balance lying across all exchange and segment on any given day. The client cannot demand continuation of service on a permanent basis citing levy of interest on delayed payment. The client will not be entitled to any interest on the credit balance/surplus margin available/kept with ACMIIL.

**The right to sell clients' securities or close clients' positions, without giving notice to the client, on account of non-payment of client's dues.**

The client required to keep adequate margin/fund as specified by ACMIIL, failing which ACMIIL may not grant exposure or may liquidate any of the clients' open/outstanding position or sell clients' securities, without giving notice to the client, for which ACMIIL shall not be held responsible.

It shall be the client's responsibility to ascertain in advance the margin requirement for his/her/its order/trades/deals and to ensure that the required margin/fund is made available to ACMIIL.

ACMIIL sent various reports and messages on client's registered email id/mobile number related to trading activities and daily reports like trade confirmation, ledger balance, margin shortages, daily margin statement, contract note, etc. on regular basis.

The fund will have to be paid within the time frame stipulated by the Exchanges or ACMIIL, generally in case of fresh positions upfront, in case of mark to market and/or any other additional margins before the commencement of trading on next trading day and in case where the Exchanges levy and/or increase any margin required during the day, immediately upon levy and/or increase in any such margin.

The Client shall fulfill all his/her/its settlement obligations and/or other liabilities including but not limited to DP charges to ACMIIL within the time frame stipulated by the ACMIIL or the Exchanges, whichever is earlier.

Without prejudice to its other rights ACMIIL shall be entitled, in its sole and absolute discretion, to liquidate/close out all or any of the client's open/outstanding position, sell the client's securities available with ACMIIL and/or held in the client's demat account for which power of attorney is granted in favor of ACMIIL at any time to recover its dues without giving any notice to the client in the following circumstances:

If the client fails to pay any margin, settlement obligations and/or other liabilities due to ACMIIL within the stipulated time frame;

In the event that the market value/prices of the client's securities, lying as margin or bought by the client for which payment are not made by the client, for any reason.

If the client fails to provide additional margin within the time period stipulated.

Any and all losses (actual or notional), financial charges, damages on account of such liquidation/sell/closing-out shall be borne by the client only.

**Conditions under which the client may not be allowed to take further position or ACMIIL may close the existing position of the client.**

ACMIIL may not allow the client to take further positions or may close/liquidate either a part of or whole of the existing position of the client are as follows-

Failure by the client in providing sufficient/adequate margin(s) and/or insufficient/inadequate free credit balance available in clients' broking account with ACMIIL

If the client fails to deposit the margin/additional margin by the deadline or if an outstanding debt occurs in the Client's brokerage account with ACMIIL beyond the stipulated time period

Settlement obligations are not paid by the client within the time frame allowed by the Exchanges or as per the norms specified by ACMIIL from time to time at its sole and absolute discretion

On a real time basis, if it is observed that there is a sudden fall in the price of the existing open positions of the clients or securities held as collaterals; or due to adverse change in the market scenario for any reason

Trades which apparently in the sole and absolute discretion of ACMIIL seems to be Synchronized trades/Circular trading/Artificial trading/manipulative in nature, etc.

Securities/F&O contracts banned by the regulatory authorities

Any regulatory action including, but not limited to, ban initiated/taken/imposed on the client by the regulatory authorities

Where name of the client apparently resembles with the name appearing in the list of debarred entities published by SEBI/Exchanges (where the information available for the debarred entity (other than name) is not sufficient enough to establish that the client and such debarred entity are one and the same)

The client fails to furnish financial details on a yearly basis for doing transaction in Derivatives segment (including currency derivatives segment), documents/information as may be called for by ACMIIL from time to time as per regulatory requirement and/or as per its internal policy

In the event of death or insolvency of the client or the client otherwise becoming incapable of receiving and paying for or delivering or transferring securities which the client has ordered to be bought or sold

Depending on the circumstances (including, but not limited to, due to volatility in the market and/or wide fluctuation in the price of securities), if ACMIIL is of the view that the positions of the clients may be at risk, then ACMIIL may not allow to take further position or may close the existing open/unsettled position (on any segment) without waiting for the pay-in schedule of the Exchanges

If the available margin in the clients' account reduces/falls/erode to 60% or below of the total required margin for FNO segment, then ACMIIL may close the existing open/unsettled position without waiting for the pay-in schedule of the Exchanges.

ACMIIL may take the action under this policy with/without giving any notice or intimation to the client. ACMIIL will not be responsible for any opportunity loss or financial loss to the client in the event any action taken by it under this policy.

### **Policy for Inactive clients**

Any client who has not traded in any segment of any of the Exchanges for last one year calculated from the beginning of every financial year or such other period as may be decided by ACMIIL at its sole and absolute discretion then such client would be termed as a Dormant/Inactive Client. The broking account of such client shall be deactivated/suspended temporarily by ACMIIL.

If the client wants to reactivate the broking account then a request for reactivating the broking account may be sent in writing/via email (through email id registered with ACMIIL). Alternatively, at the verbal request of the client, ACMIIL may obtain a confirmation from the client over recorded telephone lines for reactivating the account. A client shall be reactivated on he/she/it furnishing the require documents, if any, at the relevant time. If the client is tagged as a Dormant/Inactive client, then the funds/securities lying with ACMIIL may be refunded/returned to the clients at his/her/its last known bank account/Demat account or send at last known address of the client as per record.

### **Temporary suspending or closing client's broking account at client's request**

A client who wishes to temporarily suspend or close his/her/its broking account can do so by submitting a written request or by email (through email id registered with ACMIIL) in the form and format as may be prescribed by ACMIIL. The request can be submitted to the servicing branch or Sub-Broker/Authorized Person or the head office of ACMIIL. Prior to submission of such request the client should ensure that all amounts due and payable to ACMIIL are paid. Requests from a client where no dues are outstanding would be processed within 15 working days from the date of receipt of the request. If the client wants to activate the broking account then a request for reactivating the broking account should be sent in writing/via email (through email id registered with

ACMIIL) along with such documentary evidence as may be specified by ACMIIL from time to time.

### **Deregistering a client**

Without prejudice to ACMIIL's rights, ACMIIL may forthwith, at its sole and absolute discretion, de-register the client with/without prior notice/intimation in the following circumstances or any other circumstances which may warrant such action:

Where the client indulges in any irregular trading activities like synchronized trading, price manipulation, trading in illiquid securities/options/contracts, self-trades, trading in securities at prices significantly away from market prices, etc.;

Any enquiry/investigation is initiated by the Exchanges/regulators against the client;

Any regulatory action taken/initiated against the client by the Exchanges/regulators including but not limited to debarring the client from accessing the capital market;

Where name of the client apparently resembles with the name appearing in the list of debarred entities published by SEBI/Exchanges (where no information other than name is available);

Name of the client appears in database/websites of CIBIL, Watch Out Investors, World check, RBI defaulter list, or any other regulatory authority/court, adverse arbitration awards etc.;

The client having suspicious background or link with suspicious organization;

Where the client is non-traceable, has pending disputes with ACMIIL, possibility of a default by the client;

Any other circumstances leading to a breach of confidence in the client for reasons like return of undelivered couriers citing reason such as "No such person / Addressee left /Refusal to accept mails, etc.", /continuous email bouncing, frequent cheque bouncing, or not furnishing the financial and other details as may be called for by ACMIIL from time to time, etc.;

Upon receipt of written information about the death of the client;

Such other circumstances which in the sole opinion of ACMIIL warrants de-registering the client.

The client belongs to non FATF compliant country.



The client name appears in the UN sanctions list displayed at <https://www.un.org/sc/suborg/en/sanctions/un-sc-consolidated-list>

In all such cases, ACMIIL shall have the right to close out the existing open positions/contracts and/or sell/liquidate the margin (in any form) to recover its dues, if any, before de-registering the client. Any action taken by ACMIIL in terms of this policy shall be binding upon the client and shall not be challenged by the client, and ACMIIL shall not be liable to the client for any loss or damage (actual/notional), which may be caused to the client as a result. Also while de-registering the client, ACMIIL may retain certain amount/securities due/belonging to the client for meeting any future losses, liability, penalties, etc. arising out of dealing of the client with ACMIIL. In case if any securities retained by ACMIIL is sold/liquidated to recover any such losses, liability, penalties, etc., ACMIIL shall have the sole authority to decide the mode, manner and the price at which to effect the sale of securities and the client cannot raise any dispute as to the manner, mode and the price at which the securities are sold by ACMIIL.

In any of the above circumstances, if the client is able to give satisfactory explanation either by producing any record, document or otherwise to the full satisfaction of ACMIIL, ACMIIL may reconsider its decision of de-registering the client. However in no circumstances any action taken by ACMIIL till the date of re-registration shall be challenged by the client and ACMIIL shall not be liable to the client for any loss or damage (actual/notional), which may be caused to the client as a result.

#### **Close-out of securities**

If a client fails to give the delivery of the securities sold, which if resulted into Internal Shortage, such client will be debited for the transaction at the rates prescribed. Similarly, if ACMIIL is unable to give the delivery of the securities bought by any client due to the Internal Shortage, such client will receive the credit for the transaction at the rates prescribed.

#### **Settlement of running account:**

1. At the time of monthly/quarterly settlement, ACMIIL retains the requisite /funds towards such obligations and also retain the funds expected to be required to meet margin obligations for next 5 trading days, calculated in the manner specified by the exchanges.
2. For the purpose of settlement, ACMIIL settles the client account for across segments with in exchange. In respect of Derivative Market transactions, apart from the margin liability as on the date of settlement, the Member may retain **additional margin requirement** of maximum up to 2.25 times of margin requirement on the day of settlement to take care of any margin obligation arising in next 5 days.

3. The actual settlement of funds shall be done by the Member, at least once in a calendar quarter or month.
4. Asit C. Mehta Investment Interrmediates Limited (ACMIIL) has mandated that payments should be in the name of Asit C. Mehta Investment Interrmediates Limited and by crossed cheque/National Electronic Funds Transfer only in favor of ACMIIL. ACMIIL will not be responsible for cheques that are written in any other name and delivered to ACMIIL's associates.
5. Cash payments to ACMIIL or any other person are not allowed for any contracts entered into by ACMIIL's office.
6. Cheques are to be given/payments are to be made only against the contracts entered/executed in the client's own name. ACMIIL does not accept responsibility for cheques issued in ACMIIL's favor but against the dues of some other client/client code.
7. ACMIIL has the facility of directly crediting client's registered bank account through National Electronics Fund Transfer (NEFT) whereby the said bank account is credited with the fund in a day's time after ACMIIL issues a payout. For NEFT transfer, the client's registered bank account needs to be under core banking solution (CBS) network and should have IFSC code. If the bank account does not have IFSC code, then at par cheque will be issued to you and payable at the client's registered location. **In case there is NEFT failure, Payment of AT PAR cheque will be processed only on request in case of failure of NEFT. These cheques will be payable only at the location where the client is registered with ACMIIL.**
8. All requests received for pay-out by us before 10.00 a.m. are processed for payment by 1.30 p.m on the same day.
9. ACMIIL has an automated program that checks the net receivable for each client and give necessary instructions to the bank as registered in ACMIIL's records, based on documentation submitted by the client from time to time.
10. The client is advised not to give instructions to pay in any account which is not registered in ACMIIL's records. ACMIIL will only honor one instruction at a time. If there are any changes in the client's bank details, the client is required to write to ACMIIL about the same with relevant self-attested proofs, well in advance. It will take at least 48 working hours to make the changes.

11. In case the client does not pay for securities bought within stipulated time of T+2 days, then ACMIIL may, at its discretion liquidate the client's position on T+3rd day without informing clients.
12. In the event that the auto square off fails due to any reason, then the said securities will be transferred to ACMIIL's designated "Client Unpaid Securities Account" and in case the client still does not pay the due amount for such securities by T+6 trading day, ACMIIL may at its discretion either liquidate the securities in the market to recover the outstanding dues or transfer the said securities to the client's demat account with POA in favor of ACMIIL. For this purpose, payment by client means receipt of clear funds in ACMIIL's account.
13. In case of squaring off, the unpaid securities shall be sold from the Unique Client Code (UCC) of the respective client. Profit/Loss on the sale transaction of the unpaid securities, if any shall be transferred to/adjusted from the respective client's account.
14. In case of partial payment or based on the client profile, ACMIIL at its discretion may retain full value of securities till the 5th day (i.e. T+6 date) from the pay-out date. However, ACMIIL may at its discretion release securities to the extent of payment made, even in case of partial payment.
15. ACMIIL has a system to sell securities on failure to clear the Fund obligation/margin shortage by the client. ACMIIL intimates the shortage of margin and Fund obligation by SMS on the client's registered mobile number and on website [www.investmenz.com](http://www.investmenz.com).
16. Combine ledgers are maintained for ease of movement of funds and securities.
17. ACMIIL retains Rs.1000/- from the payout request and balance amount is released to the client on monthly/quarterly basis as per the client preference and/or as per request made by the client from time to time towards available credit balance in ledger account. The amount of Rs. 1000/- (time to time) is retained towards CDSL and other charges (including future debits). However, in the case of clients through Bank Tie-ups, the funds and securities are settled on a bill-to bill basis.
18. In case where client requests for closure of account, the account is closed and any available balance in the account is released within 10 days of closure of account. This amount is released after adjusting CDSL charges (if any) due.

## **General**

For the purpose of this document, "ACMIIL" means and include ACMIIL and/or any of its associate/affiliate/group companies.

ACMIIL shall have the right at its sole and absolute discretion to amend/change/revise any of the above said polices and procedure at time in future and the same shall be binding on the client forthwith.

Any action taken by ACMIIL in accordance with the policies and procedures mentioned herein above cannot be challenged by the client, and ACMIIL shall not be liable to the client for any loss or damage (actual/notional), which may be caused to the client as a result. In case if any of the client's securities available with ACMIIL and/or held in the client's demat account for which power of attorney is granted in favor of ACMIIL is sold/liquidated in accordance with the policies and procedures mentioned herein above, ACMIIL shall have the sole authority to decide the manner, mode and the price at which to effect the sale of securities and the client cannot raise any dispute as to the manner, mode and the price at which the securities are sold by ACMIIL.