

## DEALMONEY - Risk Management Policy

### Preamble / Objective: -

Risk management is an integral part of the DEALMONEY approach to decision-making and accountability. The objective of the Risk Management is to manage the risk without hurting the normal & routine business and its growth. It is also to be continuously updated / reviewed based on the market scenario / market feedback / competition within the objective of managing risk along with potential threats to the organization and profitable growth. The objective is also to give clear-cut direction and communication at all relevant levels i.e. business acquisitions & servicing and business management (support group) to cut the time-lag / delays in decision making and to provide better & personalized services to our esteemed customers.

### Risk Management Policy :

Dealmoney may, from time to time impose and vary limits on the orders that the client can place through Dealmoney trading system (including exposure limits, turnover limits, limits as to the number, value and / or kind of securities in respect of which orders can be placed etc.) Dealmoney may vary or reduce the limits or impose new limits urgently on the basis of Dealmoney risk perception and other factors considered relevant by Dealmoney including but not limited to limits on account of exchange/SEBI directions/limits (such as broker level/market level limits in securities specific/volume specific exposures etc.), and Dealmoney may be unable to inform the client of such variation, reduction or imposition in advance.

Dealmoney shall not be responsible for such variation, reduction or imposition or client's inability to route any order through stock broker's trading system on account of any such variation, reduction or imposition of limits.

Dealmoney may at any time, at its sole discretion and without prior notice, prohibit or restrict the client's ability to place order or trade in securities through Dealmoney, or it may subject any order placed by the client to a review before its entry into the trading systems and may refuse to execute/allow execution of orders due to but not limited to the reason of lack of margin/securities or the order being outside the limits set by stock broker/exchange/SEBI and any other reasons which Dealmoney may deem appropriate in the circumstances. The losses, if any on account of such refusal or due to delay caused by such review, shall be borne exclusively by the client alone. Dealmoney have a margin-based Risk Management system. Client Exposure Limits are set based on collateral and funds deposited by the client. The type of acceptable collateral as well as the exposure limit varies from client to client depending on the profile and the channel of trading of the client. Dealmoney may allow trading in selected option / Future contracts at its discretion.

The categorization of the stocks and the haircut applicable is reviewed from time to time. Any specific event which leads to increase in risks involved related to a particular scrip would also lead to change of category/haircut of such scrip. Also, in extremely volatile market with abnormal price/volume movements, or in case of warnings by

regulators/exchanges, scrip may be re-categorized without prior notice and the clients shall regularize their accounts and trades accordingly.

### Exposure Limit

Exposure Limits:	Client need to maintain Upfront margin before trade execution as per regulatory requirement
Segment	As per Remark
Cash Segment Delivery	Cash and Carry (CNC) - 100% Value
Cash Market (Intraday) with time base Square Off or M2M whichever is earlier	Security specific (depending upon haircuts / multipliers specified by RMS)
Futures & Options, Currency & Commodity – Carry Forward / Delivery	1 time ( As per Exchange Applicable margin)
Futures & Options, Currency, & Commodity– Intraday	1 time ( As per Exchange Applicable margin)

### Single Order Limit

In order to prevent / limit untoward incidents of wrong price punching / away from market price punching, there will be a single order limit in terms of quantity and amount.

The maximum single order in the cash market would be restricted to 900000 shares or Rs.10, 00, 00,000/-.

The maximum single order value in the Futures & Options market would be restricted to Rs.10,00,00,000/-.

The same may be reviewed and changed from time to time.

### Allowed Contracts

Trading would be restricted to first 2 month contracts. However, if a client wishes to trade in the disallowed contracts, the RM would be required to seek approval of the RMS team which in turn would allow trading in the requested contract based on whether the client has sufficient limits available etc.

### Banned Contracts

The stock exchange(s) provide a list of restricted contracts based on Market Wide Positions crossing the threshold limit. Once a contract reaches the threshold limit, further position accumulation is banned and only offsetting trades are wherein positions would be reduced is permitted. As and when the stock exchange(s) announces a banned

contract, we would also be placing a similar restriction on all the clients. Fresh positions would be barred and only square-off positions would be allowed.

Intraday Square off (Time Based)

All Intraday cash market positions will be squared up on or after 3.15 pm or on M2M loss of 80% (as applicable) whichever is earlier.

Any loss in intraday trades not squared up due to circuit shall be borne by clients.

M2M Losses based:-

All clients have to be subject to square off mode at M2M loss reaching 80% (or such other % as may be decided from time to time) of the capital available (opening + during the day Credit received) and all positions shall be squared-off at available market rate as soon as M2M loss reaches 80% (or such other % as may be decided from time to time) of the capital available. RMS team shall on a priority, square up all outstanding positions in Cash Market Intraday under margin and all outstanding positions in Futures & Options market. Outstanding positions of the clients in Delivery would also be squared-off by the RMS Team, if required.

Clients should note that they should not convert the previous day(s) option buy positions from MARGIN to Intraday since by doing so, no additional margin is released. Such conversions may also lead to positions getting squared-up, which is a risk that can be avoided. For the purpose of option buy, premium is required to be paid and the same is debited to the financial ledger. Conversion of previous day's buy position would result in the option being converted at the current market price instead of the '0' (zero) price at which it has been brought forward at begin of day.

The currently applicable MTM loss percentage is 80%.

The MTM square-off percentages would change and continue to become lower as the leverage provided increases.

The MTM square-off would also consider a nominal amount of brokerage and other taxes and charges which are levied. These charges would not be exact but be levied on an ad-hoc basis so as to cover a part of the actual amounts.

Margin Shortfall/Peak Margin Shortfall square-off:

Client need to fulfill margin call same day or RMS constrain to reduce position to comply with Margin shortfall requirement as per regulatory policies.

Deposit / Capital Available Calculation:

The client will be given credit as capital available as per the following formula:-

Capital Available = Ledger Balance + Margin Deposits + Collateral (permissible stocks after hair-cut)

Kindly note that POA (collateral stocks) (permissible stocks after hair cut) would not be considered for the purpose of F&O and Currency Derivatives segment.

Computation of Capital Available: -

The following files will be imported from Back office to Trading Software :

- a.) F&O Net Position= Opening position for the day in F&O Segment.
- c.) POA (collateral stocks) Stock\*\* = Stock lying in POA account
- d.) Deposit / Net Available Margin= Available Margin for trading

Formula: -

Capital Available / Net Available Margin = Financial Balance+ POA Stock + Cash Margin  
– Bill Margin – F&O Notional (option premium)

Parameters considered for Net available margin of the client: - Financial Balance =  
Ledger balance – outstanding settlements.

- a.) Beneficiary Stock= Stock lying in Pool A/c
- b.) POA stock = Stocks lying in the DP account with POA
- c.) Collaterals = Stock of client in Margin account
- d.) Cash Margin= Funds received against margins.
- e.) Bill Margin = Margin due in F&O segment
- f.) F&O Notional = F&O loss/Option loss to be settled
- g.) F&O Exposure = Gross exposure of F&O
- h.) Gross Exposure = Collateral + Cash Margin + F&O Exposure + Outstanding Sales –  
Net Available Margin.

If customer margin/obligation falls short of the required amount in the respective exchange, then the balance amount would be considered from the other exchange/s ledger if available.

#### Limit against POA / Collateral Account Shares

##### A) Stocks in DEALMONEY Collateral:

These stocks shall be imported in frontend and considered for deposit computation of the client. The client will be allowed to sell the same and undertake intra-day exposure within the margin limit permissible.

##### B) Stocks with DEALMONEY DP with POA:

Such stocks shall be treated at par for the purpose of computing the deposit. Trading limits may be provided in Cash Market. Trading may not be allowed in F&O and Currency segment against such securities.

##### C) Hair Cut of the Collateral / POA Shares

The Shares in Collateral / POA would have a haircut as specified by the RMS department. However, certain stocks would have a haircut of 100% as decided by the Risk Department.

#### Control on Debit Balances

##### A) Covered by Collateral:

To ensure that the clients do not carry the debit balances (covered by Collateral with us) permanently, the following Policy will be adopted:-

- a) Debit balance shall be permitted against Stock for not more than T + 5 days.
- b) On T+5 day, the client's further buying on Delivery basis shall be suspended. And stock needs to be sold /liquidated by 2:00 pm on the T+5 day by the RM / Dealer / sub-broker, else the same shall be squared off by HO RMS Team and/or in case of M2M loss of 80%, whichever is earlier.

##### B) Uncovered / Likely to get Uncovered:

Debit balance of any client shall not exceed 70% of the value of the collateral with us. On reaching 70% or above, client shall be requested through the branch to either get the payment / additional collateral and/or liquidate the stocks / positions to clear the debit balance. Else, HO RMS team shall liquidate the said stocks / positions the moment the M2M loss reaches 70%.

C) Cheque Entry and credit to the client

- The cheque / instrument showing under clearing in the bank account. The exposure would be provided once the cheque has been cleared and credit received in our bank account.
- Online fund transfer facility (Other than payment Gateways) is available to the clients with designated banks to transfer online funds to us. In such case we would be giving credit within 30 minutes of its reflection in our bank account as it is being presently done for online clients transferring online funds.

D) Cheque issuance and payment to the client

- All such requests shall be centrally processed and the client's ledger account would be debited at the time of issuance. However, all such payments would be made in consultation with the RMS team so that no exposures / limits in lieu of such credit is utilized by the client. At the time of issuance of the pay-out cheque exposures / limits would be reduced accordingly by the RMS team.

E) Pledge / Collateral Shares as a margin

- Company will accept shares which are approved by Exchange as collateral towards margin subject to appropriate haircut. All such credits shall be given only after receipt of shares in the company's designated DP Account. Also, such shares must come to the designated DP ID from the respective client's defined DP ID, only, else it shall be treated as third party and no credit shall be given against the same. The RMS team shall update the value of such collateral on the daily basis (BOD) and accordingly deposits / capital available shall be updated to the respective client(s) towards margin / exposures. RMS at its discretion may take the overall view on accepting the shares which are not forming the part of the approved Exchange list.

- Margin by way of shares / collateral shall not normally exceed 50% of the capital available / applicable margin to take care of daily m2m losses, if any.

- In case client asks for such shares back, then these shares would be transferred only to the respective clients designated DP ID only, after reducing the capital available / exposure / limits for the respective client.

*i) Based on the photocopy of the DD received (all DDs must be in the name of the Company and must mention the client code in which the proceeds of the DD are to be credited.) (for example : DEALMONEY Commodities Pvt Ltd – client code no MUM2348)*

- ii) Based on the scan copy of the cheque
- iii) Based on the physical chq instrument at the branch / sub-broker
- iv) Based on the assurance / confirmation from the branch manager / sub-broker,

that cheque will be deposited on T+1, morning.

This enhancement shall be applicable upto next day evening (T+1). If the cheque does not show under clearing T+1 day evening, such enhancement will not be considered from T+2 day morning onwards (preferably from 7pm of T+1 day itself) and excess positions have to be squared up by the Branch and otherwise by HO RMS.

This will be done only when cheque is cleared and amount is credited to our account. No limit will be provided based on physical chq instrument.

Deviations Recording, Authorization and Reporting :-

- Recording of deviations and authorization in a separate register and reporting to the Board on monthly basis.

Review Audits of the RMS functioning:

Review / Audits of the RMS functioning shall be conducted / undertaken by Management and/or external agencies from time to time, preferably every quarter and/or on the basis of the volume / feedback received from branches / franchisee.

Operational Compliance:-

- a.) Strong Compliance at the client registration like in-person verification, KYC calling, welcome letter, mobile and email id verification.
- b.) Contract Notes :
  - Digital Contract Notes
  - Physical Contract Note
- c.) All bounced mails shall be verified and corrected.
- d.) Daily Obligation Confirmation segment wise via SMS.
- e.) Quarterly /Monthly Physical Statement of A/c would be sent to the clients. Efforts would be made to provide daily SMS about the day's trade result summary/m2m profit/loss & Ledger balance
- f.) All communications would be made preferably on recorded telephone lines and thru messenger chat for which the backup will be kept for a year. All requests will come from the branch designated email id for this purpose.

***Following terms & conditions are forming the part of this RMS Policy.***

**The right to sell client's securities or Close client's position**

Without giving notice to the client, on account of non-payment of client's dues and conditions under which a client may not be allowed to take further position or Dealmoney may close the existing position of the client. The client has to immediately deposit with Dealmoney such cash, securities or other acceptable security which Dealmoney may in its own discretion from time to time require as margin. Dealmoney shall be entitled to require the client to deposit with Dealmoney a higher margin than that prescribed by the Exchange. The client is liable to pay an initial margin up-front on or before creating a

position in any Derivatives Contract. Such margin shall be decided upon by Dealmoney or the Exchange from time to time. Furthermore, the client is liable to pay (or receive) daily margins depending on whether the price of the Derivatives Contract movements for or against the position(s) undertaken. The client may also be liable to pay withholding margins, special margins or such other margins as are considered necessary by Dealmoney or the Exchange from time to time. Dealmoney is permitted in its sole and absolute discretion to collect additional margins (even though not imposed by the Exchange, the Futures and Option Segment of the Exchange, any other segment of the Exchange, the clearing house or clearing corporation of the Exchange or SEBI) and the client shall be obliged to pay such margins.

In case the client does not provide the required margin or any other payment whatsoever within the time frame specified by Dealmoney, Dealmoney shall have the right to appropriate and/or sell and/or instruct the Designated Bank to sell and/or transfer all or any Securities or money in the client's Account and/or any Associated Account and/or the proceeds thereof, Square-off all or any Outstanding Positions, prevent any new orders from being placed and / or executed by the client or take such other action as Dealmoney thinks fit and proper. Dealmoney may exercise all or any of the above rights in such manner as Dealmoney thinks appropriate, without demand for additional margin, security or collateral, or advance notice or advertisement, on any exchange or other market where such business can be transacted, at a public auction or by private sale and Dealmoney may be the purchaser / seller for its own account. The giving of any prior demand, call or notice shall not be considered as a waiver of Dealmoney right to exercise its rights without any such demand, call or notice. In case of high market volatility, Dealmoney may require the client to pay instantaneous margins in addition to the margins that may have already been paid by the client as per margin calls. Dealmoney may be compelled to in such circumstances of market volatility, in absence of the payment of the said instantaneous margins by the client, Square-off all or any Outstanding Positions, prevent any new orders from being placed and / or executed by the client or take such other action as Dealmoney thinks fit and proper.

Dealmoney may in exceptional circumstances be compelled to Square-off all or any Outstanding Positions, prevent any new orders from being placed and / or executed by the client or take such other action as Dealmoney thinks fit and proper, even without calling for the payment by the client, of the aforesaid instantaneous margins by the client. In case of short-fall in margin Dealmoney shall check for availability of additional limits in clients Associated Accounts to see whether adequate additional limits are available to restore the margin level to the initial margin level and if no such limits are available then the client's Outstanding Positions may be Squared- off by Dealmoney, at its discretion, without notice to client. If the client has been permitted to do margin trading, Dealmoney shall be entitled to Square-off the client's Outstanding Position, inter alia, where, in Dealmoney opinion, the mark-to-market loss has breached or may breach the margins available with Dealmoney, where the margin or Security placed by the client and available with Dealmoney falls short of Dealmoney requirement, where any limit given to the client has been breached or where the client has defaulted on any existing obligation.

### **Refusal of orders for penny stocks**



Dealmoney may from time-to-time limit (quantity/ value) / refuse orders in one or more securities due to various reasons including market liquidity, value of security (i.e.), the order being for securities which are not in the permitted list of Dealmoney / exchange(s) / SEBI. Depending on the market conditions and risk management policy of the company, Dealmoney reserves 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. Only 10% of market volume Z group securities shall be allowed for selling held in demat after review. Sell of Z group scrips shall be selectively allowed at the request of clients, provided the client readily provides the securities for delivery to the exchanges.

### **Restrict on ASM/GMS Scrips**

All ASM/GSM Scrips shall be blocked in front office system. It can be allowed only after the discretion of RMS

### **Shortages in obligations arising out of internal netting of trades**

Dealmoney shall not be obliged to deliver any securities or pay any money to the client unless and until the same has been received by Dealmoney from the Exchange, the Clearing Corporation/ Clearing House or other Company or entity liable to make the payment and the client has fulfilled his / her / its obligations first. The policy and procedure for settlement of shortages in obligations arising out of internal netting of trades is as under:

- a. The short delivering client is debited by an amount equivalent to 20% over and above the highest closing rate of the 3 previous trading days.
- b. The short delivering seller is debited at the closing rate on T+2 day or auction day on Exchange +10% or the highest price prevailing in NSE/BSE from the first day of the relevant trading period till auction trade day. The provisional entry debited to the short delivering client shall be reversed on auction settlement day.

### **Temporarily suspending or closing a client's account at the client's request**

On the request of the client in writing, the client account can be suspended temporarily and the same can be activated on the written request of the client only, Dealmoney may do so subject to client accepting / adhering to conditions imposed by stock broker including but not limited to settlement of account / release of holds and / or other obligation. Dealmoney can withhold the payouts of client and suspend his trading account due to his surveillance action or judicial or / and regulatory order/action requiring client suspension.

### **Exchange Trade Alerts: -**

For each of the transactional alerts received from the Exchanges, appropriate analysis, monitoring and reporting is done as the process and guidelines defined by the Exchange.

### **Reporting to the Exchange(s)**

In case the client is found indulging in suspicious activities, Dealmoney may report such transactions to the exchange(s). Dealmoney is not responsible for any loss incurred by the client if he/she is found guilty of unethical practices. Dealmoney shall share all the required information to the regulator, exchange, or any other recognized regulatory body when a client specific details is asked for. The company reserves the right to inform the client based on the directions received by the fore mentioned regulatory body.

**Delayed Payment Charges:-**

The delayed payment charges @21% shall be calculated on outstanding financial obligations of the clients on pay-in day (EOD). Delivery financial obligation and/or mark-to-market loss financial obligation of any client outstanding on pay-in (EOD) (as defined by SEBI on NSE and BSE cash market segment is T+2 and F&O segment is T+1) shall be charged with the said delayed payment charges. The said settlement obligation funding shall have to be compulsory reported to NSE and BSE on the monthly basis and in specific formats which is being published on the respective exchange's website. However, span margin obligation for F&O segment shall continue to be at T-1 day, i.e. upfront / advance collection.

***The Company reserves right to amend/modify any of the policies/procedures mentioned above from time to time depending upon regulatory, market, external conditions and our internal risk management framework, and the clients can obtain such change/ modification from the Company's website.***