



Risk Management Policy

Investment in Financial Securities is subject to Market risks, which cannot be predicted. Another Risk that is of immense importance to us is the Credit Risk. Moneylicious Securities Private Limited endeavors to minimize these risks through a dynamic risk management policy, which is an essential feature of our operations. As our customer, it is important for you to be aware of our Risk Management Policy and how the Policy would operate to regulate your transactions. The policy comprises of measures and precautions that are adopted to contain risks to the minimum. The Policy is subject to change according to the SEBI/Exchange regulations or to the changing market conditions.

▪ **Limit Setting**

- No ad-hoc limit will be given to any new client with zero balance as a ledger credit or collateral.
- Limit on unrealized cheque
 1. Client bank details are mapped in the back office software.
 2. After depositing cheque in the bank, branch must upload the same in back office & send the cheque details through official e-mail ids in pay-in format only.
 3. Ledger credit and Exposure for the new client codes will be given only on receipt of funds in our bank accounts.
 4. Limit will be provided on uncleared instruments exceptionally with the approval of regional head or Above level.
 5. Cheque entry will be reversed from ledger credit of the client if the amount is not received in 3 working days
 6. In case of bounced cheques 2 times, the client will be 'flagged' and categorized as 'Risky' and 'unreliable client' and no further exposure will be provided on unrealized amount or exceptional request.
 7. If any client is categorized as "unreliable client" then such client gets credit/exposure only on realization of funds in future.
 8. The client may be shifted to regular list, based on the factual and practical reasoning for cheque bounces if such shifts are approved by the business head & above designations. The risk responsibility then is with the approving authority.

▪ **Limit Calculation**

For the purpose of risk management, we categorize Scrips listed on NSE and BSE These categorizations form the basis for defining hair-cut on collateral, providing exposure limits, impose trading restrictions, calculate projected risk, prioritize collection, control exchange surveillance related risk, etc. The list of Scrips are reviewed on monthly basis and revised list updated. However, in extremely volatile market with abnormal price/volume movements, or in case of warnings by intimation from the regulators/exchanges, scrips may be re-categorized without prior notice and the customers shall regularize their accounts and trades accordingly.



For limits only scrips as per company policy are to be considered with haircuts based on pre-defined scrip-category.

MSPL reserves the right to allow or restrict any transactions in certain securities or segments or order from time to time.

MSPL has the discretion to restrict/ block certain Future and Options contracts on trading platform to avoid manipulations or erroneous trading.

- Margin Deposit : Deposit is calculated at customer level after netting off ledger balance in all segments and Holding & Collateral lying with MSPL.

Margin = Ledger balance + approved scrips with haircut -150% of Short sold scrips value

- Haircut: it is specified as per scrips' category as finalized month on month basis
- Short sell value = Scrips which were sold and not lying with MSPL on T day (Beneficiary and POA DP)

Illustration for Deposit Calculation:

- Approved Scrips = Rs.1,00,000 .
- Value after haircut= Rs.67,000 (Haircut @ 33%)
- Ledger = Rs.25,000 (NSE+BSE)
- Short Sell Value= Rs.10,000 , 150% of Short Sell Value = Rs.15000
- Deposit=Rs.67000+Rs.25000-Rs.15000= Rs.77000,
Cash Delivery Limit will be Rs.77000
F&O/Currency Limit will be Rs.77000 Margin.

Please note that on case to case basis differential Limits will be made available to clients, on the basis of their total deposit, margin and m to m payment track record and financial products dealt in.

▪ **Important Restrictions**

1. No unlimited access granted on any Client ID, Dealer ID and Branch ID
2. Single Order Value and Single Order Quantity is capped
3. Monitoring of transactions in Illiquid Scrips/Illiquid Options/T2T Category
4. Increased surveillance and monitoring of large concentrated trading. We have advised all dealers/ relationship managers to take strict note of this.
5. MSPL issues 'Cease and Desist notices' to the clients who indulge in unfair trade practices. If a client is found to indulge in such practices, his account may be closed with immediate effect.

▪ **Cheque Bounce / Reversal Action**

In the event of cheque bounce / reversal, RMS department informs the Branch & Client and squares off the positions immediately, based on the client new status.



▪ **Margin Call – Cash**

- No fresh buy order is initiated for clients who are in margin call. The list of clients in margin call for next day is shared with the Branches and APs in the evening itself.
- Some clients may have received short delivery in payout (scrips) from exchange and may have sold the same, which subsequently would go into auction due to the mismatch of quantity of scrips. If such a client is in margin call, the branch without considering the payout short received, needs to collect payment immediately from client otherwise the client's other scrips will be liquidated to make good the margin call.
- RMS gives intraday exposure during trading hours if requested by the branches only after clearing of margin calls.

▪ **Margin Call – F&O / Currency**

- Fresh Limits will not be available to Clients with margin shortfall. Any shortfall beyond 2 days has to be compulsorily closed
- In the event of any client incurring MTM loss on his clear balance, MSPL will not allow the client to continue with his exposure on the basis of un-cleared cheque or cheque in hand. Clients have to be informed at the inception about the same such that they do not face any unnecessary inconvenience.
- Any exception in this regard has to be approved by the appropriate authority on mail.

▪ **Debit of 7 Days or more (Calendar days inclusive of Saturday & Sunday)**

- No client is allowed to be in debit for more than 7 calendar days. Such a Client will not be able to 'Buy' any scrips till the debit is cleared. Buying limit of such client will be blocked.
- All clients beyond 7 calendar days of debit will be closed by RMS without any notice.
- Clients are supposed to transfer funds or reduce their positions on or before 12.00pm on T+7th day when they are in ageing for more than 6 calendar days.

▪ **MTM Loss Monitoring**

- All the branches are expected to monitor MTM loss of the clients on a continuous basis and square-off the positions if MTM loss reaches above 75% of the ledger balance.
- RMS department also monitors the MTM loss of all the clients on real time basis.
- If the volatility in the market is high, RMS shall start squaring of the position when MTM loss crosses 70%.
- RMS sends message confirmation of square off of the positions to respective
- Branches /franchisee in their office terminals.
- RMS sends square off mails to the branches mentioning details of the price at which the position is squared off. These mails are generally sent immediately after square-off of the positions. If market is very volatile, these mails are sent after closure of the market.



▪ **MTM & Auto Square Off**

- In case of Cash Segment, clients are required to square up their Margin (intraday) positions before 3:08 pm. From 3:08 pm to 3:10 pm the system will be in square off mode i.e. the client will be able to square off his position and will not be able to take any fresh position and after 3:10 pm positions will be closed by the system automatically.
- In case of F&O Segment (Equity), clients are required to square up their Margin (intraday) positions before 3:15 pm. From 3:15 pm to 3:17 pm the system will be in square off mode i.e. the client will be able to square-off his position but won't be able to take any fresh positions and after 3:17 pm positions will be closed by the system automatically.
- In case of Currency Derivatives, clients are required to square up their Margin (intraday) positions before 4:45 pm. From 4:45 pm to 4:47 pm the system will be in square off mode, i.e. this client will be able to square-off his position but won't be able to take any fresh position and after 4:47 pm the positions will be closed by the system automatically.
- In case of Commodity Derivatives, clients are required to square up their Margin (intraday) positions before 11:15 pm. From 11:15 pm to 11:17 pm the system will be in square off mode. Post 11:17 pm positions will be closed by the system automatically.

▪ **Client-wise / Member-wise Position Limit**

- Setting User Limits: This is done in a manner so that a definite barrier is created against execution of any unduly large value orders on the trading terminal, either intentionally or inadvertently and at the same, there are no operational hurdles for genuine orders to put through.
- Exchange specifies member and client wise open positions limits; Branches must ensure that no client breaches the limit.
- There is penalty for any breach in open position limits.
- Please refer www.nseindia.com, www.bseindia.com, or www.sebi.gov.in for further details.