1. **DEFINITIONS**
   1. *Cash (Financial Balance)*: The Financial balance means clear balance available in the customer’s ledger in the books of accounts. For this purpose, it is not enough to receive a cheque or intimation of an online credit to our Bank account. *The amount should (i) be reflected in our Bank account and (ii), we should also* be able to connect this credit to the specific customer.
   2. ***NAV (Net Assets Value*:** The Financial balance + FO Margin + Stock Value available in customer’s a/c (after applicable hair cut)
   3. ***Applicable Hair Cut is 25% or VAR Margin whichever is higher.***
   4. *Margin Stocks:* Only customer stocks appearing on the approved list of NSE shall be considered for margin purposes. These stocks would be valued after applying applicable haircut.
   5. *Exposure*: The aggregate of the customer’s
      1. Obligations arising out of net of buy & sell trades awaiting settlement in the cash segment
      2. Span + exposure margin **(EM)** + MTM margins underlying the customer’s open positions in the F&O segment, and profit/ loss amounts that are yet to be settled on the closed positions.
   6. *Exposure multiple:* The number of times that *exposure* is allowed on the underlying **N.A.V**
   7. *Square-off:* The termination of client *exposures* on the market. Whenever the *NAV* falls below comfort zone (50%) of the *exposure*. On failure of making payments or NAV falls below comfort zone, positions can be square off/ reduced from H.O at any time during the time the debit continues in the customer’s account.

# **NATURE OF CUSTOMER TRANSACTIONS**

* 1. Intraday - Cash segment: The amounts of purchase (or sale) in a scrip on any trading day that is squared off/ reversed by the end of the day by making a contra sale (or purchase) of the same quantity in the same scrip, thereby nullifying the original position.
  2. Delivery trades: The net purchase or sale of a scrip in a client account that is settled by way of a delivery on T+2 basis.

Delivery in respect of sale transactions in the cash segment has to be settled by the client by tendering securities in demat form (only from his/her demat account registered with the Company) before the pay-in deadline. Else the client faces the risk of Auction. In case of internal adjustment the same quantity is bought from the market on T+3 basis.

* + 1. ***Prompt payment at pay-in (PPP)****:* Where a client makes the full payment in company’s bank account to meet his entire obligation against the purchase transaction.

*2.2.2* ***BTST Policy and Stock Buying under T+5 Policy***

**Points regarding BTST: (Buy Today Sell Tomorrow)**

1. Client’s only from BO/ ROs are allowed to do BTST, with prior approval of HO
2. BTST can be permissible up to **2** times of free deposit. For Example- If client has 1L financial credit then he can buy stock up to 2L
3. Stock bought under BTST must be sold on next day, only after selling its previous stock client can take fresh Delivery.
4. In case if the Clients Risk reaches 80% of financial Ledger, and the client hasn't square off/ cut the sauda, RMS will square off/ cut the sauda from its end.
5. Minimum financial credit for BTST facility should be of **1L.**

**Points regarding Stock Buying Under T+5 Policy:**

1. Client’s only from BO/ ROs are allowed to Buy stock under T+5 policy, with prior approval of HO
2. DPC **18**% p.a charged on debit balance beyond T+2.
3. Minimum financial credit for stock buying under T+5 facilities should be of **1L.**
4. Buying can be permissible up to **2** times of financial credit. For Example- If client has 1L financial credit then he can buy stock up to 2L
5. Stock bought under this facility should be sold on T+5 day, if fails RMS will have the right to Square off position. Further T+5 facilities will be discontinued in failed cases..
6. In case if the Clients Risk reaches 80% of financial Ledger in between T-2 to T-5 and the client hasn't square off/ cut the sauda, RMS will square off/ cut the sauda from its end.
   1. ***Derivatives segment of NSE****:* All clients must maintain an upfront initial margin to trade in F&O segment. It will constitute the sum of SPAN and exposure margins (EM) as per exchange. MTM losses should be settled on a T+1 basis.
7. **DEFAULT EXPOSURE MULTIPLES AND THEIR MANAGEMENT**
   1. Default Exposure Multiples of NAV (in normal course) shall be as under:

|  |  |
| --- | --- |
| **Cash segment** (Transactions in approved list of securities notified at the beginning of each month) |  |
| Intra-day | 3-5x (Subject to approval) |
| Delivery PPP | 2x (Subject to approval) |
| BTST | 2x(Subject to approval) |
| Stock buying under T+5 policy | 2x(Subject to approval) |
|  |  |
| **Cash segment** (Transactions in other securities) |  |
| Intra-day | 1x (Subject to approval) |
| Delivery PPP | 1x(Subject to approval) |
| BTST | 1x(Subject to approval) |
| Stock buying under T+5 policy | 1x(Subject to approval) |
| **F&O segment** |  |
| Futures  Options | 1x of N.A.V  On Fin Cr Bal.(4.1.3) |

* 1. Notes:
     1. Span + Exposure margin value would be specific to the underlying F&O positions and as determined by the Exchanges. This is to be collected as initial *margin,* preferably in cash.
     2. The ‘Mark to Market’ charge to be collected from F&O customers in cash only.
     3. The above multipliers can be changed any time by the Company.
  2. *Concentration ceilings*
     1. *For stocks taken as collateral*: No single stock taken as collateral across all clients should be more than 25% of its average traded volumes (average worked out over previous month’s volumes on NSE and BSE). This ceiling will apply on all approved securities accepted as collateral, other than stocks constituting the NIFTY.
  3. The client must square-off all positions that have been created on an intra-day basis before 15:15 hrs. After that all intraday positions, RMS will square off automatically between 15.15-15.30 hrs. RMS shall not bear any responsibility of any nature whatsoever.

# **MANAGEMENT OF RISK**

* 1. **Futures and Options**
     1. The clients must settle the debits, if any, arising out of MTM before settlement. Since due to current banking system, timely payments cannot be received from the clients on a T+1 basis; therefore clients are advised to keep sufficient cash balances in the financial ledger.
     2. Square-off in respect of client will happen in case of F&O positions whenever either of the following two conditions occur:
        1. Against MTM: Such square-offs can take place any time during the trading day. A) When the MTM losses reach upto 50% of the initial margin tendered by a client, a margin call will be sent to the concerned branch for taking up the matter with the client. B) RMS may square-off the position any time after the MTM losses touch 80% of the initial margin tendered by the client.

4.1.2.2 Against exposure: Such square-offs will start taking place 15 minutes prior to the close of market for the trading day. Any position where the initial margin available in the client’s account is less than the required margin, the position will be squared off/ reduced to bring it within the margin stipulation.

* + 1. **Purchase of options will be allowed only against cash available in a client account. No purchase of option to be allowed against any unrealized cheque or against securities**.
  1. **Cash Segment** 
     1. *Intra-day:* These transactions are normally, allowed at higher *exposure multiples* than the normal Buy/ Sell transactions on the cash segment as they have to be terminated by day end only. If not terminated, then transaction has to be brought within the delivery based *exposure multiple* by either terminating part of the transaction 15 minutes before the close of trading day (i.e. by 3:15 pm, if trading hours conclude by 3.30 pm).or through availability of higher *margin*
     2. In the cash segment, only the underlying transaction would be terminated in whole or in part (and not the stocks held as *margin*). In F&O, the open positions would be terminated.
     3. All positions squared-off by the RMS must be intimated to the Branch/ client at the earliest, but not later than the same calendar day, and contract notes are dispatched as per exchange stipulations without any exception.
  2. No cash or Demand drafts are accepted from any client under any situation for meeting a settlement obligation and only payment from client’s bank account will be considered.