

## **RISK MANANAGEMENT POLICY**

- **Client Registration, Documents Maintenance:** - Basis of accepting the client is based on the verification of pan card, barred entity list and maintaining the proof of the same. Procedure of in person verification of clients and maintenance of proof for the same is conducted regularly for all clients.

Client Registration forms are checked and cross verified with the documents submitted by the client and necessary approvals are sought from the management or the concerned authority for allotting the client code and also care is being taken incase of numerous accounts are not opened with the same name.

- **Sales Practices followed by trading member:-**We don't have any separate marketing division. We had never launched any promotional scheme till date. In RDD we ensure that Client acknowledges the risk disclosure document and would aware that certain basic risks are involved in trading in equity and derivative products. We had never offered any freebies to our clients.

- **Closure of Client Accounts / Dormant Accounts:-** VSPL may at any time, temporarily suspend the account of the client based on a request on writing obtained from the client. Trades in the account of the client during the period of such temporary suspension shall not be permitted.

The account shall be reactivated only on submission of a written request for reactivation by the client.

VSPL may at any time, at its sole discretion and without prior notice to the CLIENT, prohibit or restrict or block the Client's access to the use of the web site or related services and the Client's ability to trade due to regulatory requirements, prevention of money laundering, market conditions and other internal policies.

- **Order Receipt & Execution:** - The placing of an order in the clients account is done on the basis of instructions received from the client and the same is executed by entering the best price or the price indicated by the client.

After the execution of the order placed and accepted in the exchange the same is being intimated to the client accordingly.

→ **Sending Contract Notes, Daily Margin Statement, Quarterly**

**Statement of Accounts to Clients:-** Contract notes are sent to client within 24 hours of the execution of trade of the client and same is sent by way of Electronic Contract Note to the mail id intimated to VSPL by the client. In case of bounced back mail, the same is being printed and sent to the client.

Daily Margin Statement is sent to the client of daily basis and proof of delivery of the same is being maintained in our records.

Quarterly statement of accounts to clients is sent on quarterly statement to all clients at the end of the quarter by way of Mail to the mail id indicated to us by the client. A log of the sent mails is maintained by us in our system.

→ **Collection of Pay in, Margin, Limits setting for exposure & turnover for clients, terminals, branches & sub broker level:** - Initial & Other Margins are collected from respective clients in the prescribed form of funds and collaterals of concerned client pledged with the depository towards the margin of some clients, records of which are being maintained and updated on a daily basis in our back office software.

For proper Risk Management Process an exposure limit is specified to each and every client based on his financial details and accordingly on the basis of which the client is permitted to trade in securities of the exchange.

Exposure may (at the discretion of VSPL and to the extent decided by VSPL from time to time) inter alia be provided on the following:

- Cash Balance in the ledger to the credit of the Client (after deduction of all withdrawals by the Client).
- Any Online funds transfer or hold amount through bank gateway.
- Beneficiary Holdings & Collateral Holdings (after deduction of applicable hair cuts)
- DP free stock and beneficiary stock ( after deduction of applicable hair cuts)
- Credit received against sale of securities.
- Margin amount of open positions (in case of derivatives)

In case of Sale of Securities, such sale may at the discretion of VSPL be provided only to the extent of the availability of securities to the account of the client (DP free stock, DP Lien / Hold Marked Securities, Beneficiary and Collateral Stock).

Further, the credit received against sale may be used for further purchases to such extent as may be decided by VSPL from time to time.

Limits / Exposure provided shall vary based on the intraday profit / loss made by the client.

Exposure limits shall be only against approved securities as decided by the Exchanges/ VSPL from time to time and subject to such haircut and valuations as may be decided by VSPL from time to time. VSPL may change the applicable hair cut or apply a hair cut higher than that specified by the Regulators / Exchanges.

In case of derivatives, clients shall be allowed to trade only up to the applicable client wise position limits set by the Exchanges / Regulators from time to time.

- **Monitoring of Debit Balances:-** In case of debit balance in clients account the same is being intimated to the client and regular follow ups are being done for collection of payment against the respective debit or incase of credit in other exchange of the same client is adjusted accordingly. Also, collaterals are considered incase of Futures & Options segment for debit balances in client account.
- **Allotment, Surrender of Trading Terminals: -** Incase of surrender of terminal, we provide the facility to the clients for carrying out trade at other terminal by mapping the same at the earliest. Before any allotment or surrender of any trading terminal, the same will be informed to exchange via ENIT. We also on a regular basis monitor the turnover of the branches with regard to their viability i.e. whether it is beneficial to run those branches or not.
- **Opening & Closing of Branches / Sub Broker Offices :-** The opening and closing of any branches and / or sub brokers is done in accordances with the circulars of the exchange and as per regulatory requirement of the exchange.

Before closure of any branch an intimation of closure is sent to all the concerned clients of that branch via email, telephone, letters, etc. so as to settle their payments / securities due to or due from us. The necessary formalities regarding the same are complied by us.

→ **Payment, Receipt of funds from / to clients:** - From New Clients: Normally new clients gave us a cheque at the time of opening of their account, otherwise, we enforce them to make the payment subsequently whenever it will be become due in their account i.e., either on the same day on which any debit balance emerge in their account or at the most on subsequent day.

From others: the day on which any debit balance emerges in their account or on subsequent day. Further, the Clients & the Branch Manager(s) send a mail to us for the cheque which they had deposited directly in our Bank Account along with the necessary details like Client code, amount, and Cheque no.etc. for recording the same in our back office.

Payments to Clients: Any client & Branch Manager(s), who claim any payment from us has primarily send a mail along with amount, thereafter, we determine actual claim balance for which he/she will be entitled after adjusting the margin(s) against the open position in F&O segment.

→ **Receipt, Delivery of Securities from / to clients:** - Receipts of Securities from clients: As and when clients sold their shares and deposited their respective delivery instruction slip with their depository participants, we got the delivery of the same from the market in our pool account.

Delivery of Securities to clients: As and when we got the delivery of securities from the market against the purchase of client, we immediately transfer the same to relevant demat accounts of those clients, i.e. respective shares will be transferred from the Company pool account to the beneficiary account of those clients who maintained either nil or credit balance.

- **Square off of positions / Liquidation of securities without consent of clients:-**  
Even after regular reminders, if client will fail to make the payment of the margin or pay-in, then we would square off his/her position and before taking such action in this direction, we telephonically explain all the details to the client about our proposed action in this regard.

Principally, company followed the practice of giving reasonable opportunity of being heard and gave a verbal show cause notice to such type of clients, thereafter, if company thinks it is just and reasonable to square off their position, then action will be taken in that direction. However, in exceptional cases, like in case of those clients with whom company think it has long term bonding with them and they will make the payment in due course of time, in those circumstances, company make some arrangements with them like imposition of interest, etc. and extend the time for carrying their position.

- **Policy for Internal Shortages :-** Company has not taken any permanent overdraft facility from the Bank, however, on the other hand, if there is any internal shortage, then as per arrangement made with the Bank, bank will provide a temporary overdraft facility against the cheque under clearing or subsequent day's pay-out. The opted policy is in line with exchange recommendations.

- **Transfer of Trades:-** Due to efficient fool proof Internal Control System is in place, such type of activities are duly monitored by the authorized persons which restrained the occurrence of any such incident.

Sometime punching of order has been done by the newly appointed dealer, which results in punching the order in the wrong code is the only reason for the transfer of such trades.

We emphasize our dealers to actively participate in the mock trading sessions organized by the NSE and BSE from time to time in order to reduce such instances.

- **Investor Redressal Mechanism:-** The register of complaints is maintained centrally. At the time of opening of account, we informed to our clients about the email where they can send their grievances and the email id is provided at our account opening forms.

Yes, we maintained an Investor compliant register in the prescribed format as per the requirement of the exchange. Complaints received, if any, by way of letter, telephonic call, personal representation, e-mail, etc are recorded in the Register of Complaints. The Compliance Officer takes care of all those complaints.

Till date we hadn't received any compliant therefore, we hadn't got any opportunity for the analysis of such complaints, though; we had made a proper mechanism for the analysis of such complaints if at we received in near future.

None of our employee employees at HO and at branches are exercising POA to operate client's bank and demat accounts. No there is no concentration of complaints at any specific branch as such.

- **Power of Attorney:-** It is a part of our KYC Client. Many of our clients had signed the form but had not mentioned the name of the member or authorized person for execution of orders and / or delivery instructions.
- **Capacity of Systems with reference to volume:-** Our systems are highly upgraded system in terms of usage, storage of data, files, etc. The Software executives of our organization normally checks the working of the systems on daily basis and incase of any improvement needed is done instantly to enable free flow of work.
- **Connectivity to Exchange & / to branches / sub brokers / clients:** - We had installed VSAT & Leased Line in our office to enable free flow of information to and fro the exchange and to avoid any disruption in the working of the terminals of the exchange.
- **Back Up in case of disruption of connectivity:-** We have installed UPS in case of power failure for non disruption of connectivity to exchange through VSAT