

## **RMS POLICY**

### **MANDATORY DOCUMENT DEALING WITH POLICIES PROCEDURES PURSUANT TO SEBI'S CIRCULAR NO. MIRSD/SE/CIR-19/2009 DATED 3<sup>RD</sup> DECEMBER, 2009**

**Policies and Procedures forms integral part of the Member Constituent agreement**

#### **1. REFUSAL OF ORDER FOR PENNY STOCKS:**

Astha Credit & Securities Private Limited shall have the absolute discretion to accept, refuse or partially accept any buy or sell order for execution from a client in respect of penny stocks, illiquid stocks, stocks having low liquidity, illiquid "options", far month "options", stocks in S,Z and B2, T, TS category and any other contacts which as per the perception of Astha Credit & Securities Private Limited are extremely volatile or subject to Market manipulation.

Astha Credit & Securities Private Limited may permit restrictive acceptance of orders in such scrips/contacts in controlled environments like orders received from clients being forwarded by branches to centralized desk at HO instead of allowing trading in such scrips/Contracts at branch level or through Online trading platform. Astha Credit & Securities Private Limited shall not be responsible for delay in execution of such orders and consequential opportunity loss or financial loss to client.

Astha Credit & Securities Private Limited may cancel orders in such scrip's received from clients before execution or after partial execution without assigning any reason thereof.

Astha Credit & Securities Private Limited may take appropriate declarations from the clients before accepting such orders.

Astha Credit & Securities Private Limited shall have the prerogative to place such restrictins, notwithstanding the fact that the client has adequate credit balance or margin available in his accutn and /or the client had previously purchased or sold such securities/ contacts through Astha Credit & Securities Private Limited itself.

## 2. **SETTING UP CLIENT'S EXPOSURE LIMITS :**

The client will have to abide by the exposure limits, if any set by Astha Credit & Securities Private Limited or by the exchange or Clearing Corporation or SEBI from time to time. The Client is aware and agrees that such exposure limit whether on the buy or the sell side, may operate specific to a security or contract and or on an aggregate basis or based on need of Astha Credit & Securities Private Limited needed to vary or reduce or impose new limits urgently on the basis of assessment of the associated risk perception of Astha Credit & Securities Private Limited, risk profile of the client and other factors considered relevant by Astha Credit & Securities Private Limited including but not limited to limits on account of exchange/SEBI directions/limits (such as broker level/ market level limits in security specific /volume specific exposures etc.) Astha Credit & Securities Private Limited may be unable to inform the client of such variation, reduction or imposition in advance Astha Credit & Securities Private Limited, from time to time, shall also be entitled to square-off/liquidate/sale/close the position(s) and/or stock as if may deem fit without any reference to the client, in case the client falls to maintain/deposit minimum margin as required by Astha Credit & Securities Private Limited. The client agrees that Astha Credit & Securities Private Limited shall not be responsible for such variation, reduction or imposition or the client's inability to route any order through trading system of Astha Credit & Securities Private Limited on account of any such variation, reduction or imposition of limits. The policy will be at the discretion of Astha Credit & Securities Private Limited based on margin availability, selection of the scrip, component of cash and securities, past track records of the client, volatility in the market and other factors considered relevant by Astha Credit & Securities Private Limited. Exposure limit of the client will be set by Risk Management & Surveillance (RMS) Department of Astha Credit & Securities Private Limited on the basis of above criteria and will vary from time to time due to conditions mentioned above. It will be duty of client to find out for the exposure limit set from Risk Management & Surveillance (RMS) Department of Astha Credit & Securities Private Limited, and the client will have to keep himself informed on regular basis.

### **3. BROKERAGE APPLICABLE**

Brokerages shall be applied as per the rates agreed upon either the client in the KYC at the time of registration of the client subsequently through a written agreement between the client and Astha Credit & Securities Private Limited. The rate of Brokerage shall not exceed the maximum brokerage permissible under Exchange by-laws. All applicable tax/Government Levies/Statutory Levies prevailing at present and may be imposed by Government or Statutory Authority from time to time.

### **4. CONDITIONS UNDER WHICH A CLIENT MAY NOT BE ALLOWED TO TAKE FURTHER POSITION OR THE BROKER MAY CLOSE THE EXISTING POSITION OF A CLIENT.**

Astha Credit & Securities Private Limited 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 Astha Credit & Securities Private Limited / exchange / SEBI and any other reasons which Astha Credit & Securities Private Limited may deem appropriate in the circumstances.

- a.** For non-payment or erosion or margins or other amounts, out standings, debts etc. Astha Credit & Securities Private Limited can adjust the proceeds of such liquidation / close out, if any against the client's liabilities / obligations.
- b.** Any order which is executed without the required Margin in the client's account or the broker's exposure is more than 90% and above, no fresh trade will be allowed.
- c.** The client hereby authorized Astha Credit & Securities Private Limited to square off all his/her/its outstanding positions at the discretion of Astha Credit & Securities Private Limited. Further it would be the duty of the client to monitor his/her/its position with Astha Credit & Securities Private Limited time to time. In case of any delay or failure by the client in meeting any obligation, margin requirements etc. Astha Credit & Securities Private Limited may as its direction, close the open position / contract without any further intimation to the client in this regards as per the Risk Management & Surveillance (RMS) policy.
- d.** Under the certain market conditions, it may difficult or impossible to liquidate a position in the market at a reasonable price or even no liquidation may take place at all, when there no out standing orders, either on the buy side or the sell side,

or if trading is halted in a security due to any action on account of unusual trading activity or stock has hit circuit filters or for any other reason as prescribed or instructed by SEBI.

- e. Astha Credit & Securities Private Limited is entitled to disable / freeze the account or trading facility / any other service if, in the opinion of Astha Credit & Securities Private Limited, the client has committed a crime, fraud or has acted in contradiction of member client / tripartite agreement or / evade/ violate any laws, rules, regulations directions of a lawful authority whether Indian or foreign or of Astha Credit & Securities Private Limited so apprehends. Any profit / loss arising out of these transaction shall be at the risk of and borne by the client.

#### **5. TEMPORARILY SUSPENDING OR CLOSING A CLIENT'S ACCOUNT AT THE CLIENT'S REQUEST :**

Client may instruct the member to close the account or suspend the trading through client's account for period as specified in the request in writing and dually signed by him. Astha Credit & Securities Private Limited can withhold the payouts of client and suspend client's trading account due to surveillance action of Astha Credit & Securities Private Limited or judicial or / and regulatory order / action requiring client suspension. Astha Credit & Securities Private Limited shall maintain such suspension / disablement till such time the client make a specific request and complies with required formalities in that regard.

#### **6. DE-REGISTERING A CLIENT :**

The parties to the agreement shall be entitled to terminate the agreement or any part there of without giving any reasons to the other party, after giving notice in writing of not less than one month to the other party. For that purpose, the client will be liable first to settle his / her / its account in full. In case of any shortfall or any dues or payment remaining after adjusting the margin account, the client will be liable to make payment of the same. In case of surplus arising after netting off of the account, client shall be entitled to receipt of the same.

In the following circumstances Astha Credit & Securities Private Limited shall be entitled to suspend or terminate the agreement without prior notice.

- a. The client has breached the Agreement.
- b. Upon the death, winding up, bankruptcy, liquidation or legal incapacitation of the client or is designated as a defaulter by any credit rating agency or any action or proceedings have been initiated by the relevant regulator / authority including SEBI.
- c. The client fails to maintain the bank account and/ or the demat account (or any replacement thereof).
- d. The client has misrepresented facts at the time of entering in to this agreement or at the time of giving instructions or otherwise.
- e. The client fails to meet his / its payment obligations under this agreement or otherwise due to Astha Credit & Securities Private Limited.
- f. The client has violated applicable law, more particularly, the securities laws and by-laws, rules and regulations of the respective stock exchanges on which the client trades.
- g. If the client migrates to a jurisdictions which prohibits trading in Indian Securities or otherwise subjects Astha Credit & Securities Private Limited or any of its employees to any licensing or registration requirements.

Upon termination of the agreement, all other agreements, annexure and writings, supplementing the agreement entered in to by and between the parties hearing shall stand terminated.

Notwithstanding any such termination all rights, liabilities and obligations of the parties arising out of or in respect of transactions entered in to and prior to the termination of the agreement shall continue to subsist and vest in / be binding all the respective parties or his /her / its respective heirs, executors, administrators, legal representatives or successors as the case may be.

## **7. INFORMATION**

Above terms and procedure will be subject to the change by stock exchanges SEBI or other regulatory authority.

## RMS TRADING POLICY

**(1) MIS/INTRADAY :** All MIS/Intraday orders have to be necessarily closed intraday. Your Broker runs a MIS check after 3.10 pm and any open intraday positions are automatically squared off. But don't just rely on the Broker to take care of your position because the onus of closure is on you and not on the Broker.

**(2) OPEN POSITION :** Your Open Position will be closed at 80% MTM loss by the system automatically . Please Note that sometime due to market high volatility or some other reason it's not possible to square off position at 80% MTM Loss, Sometimes it may be more than your total deposit Margin . In this situation Client is liable to pay the Debit.

**(3) SYSTEM/NETWORK CONGESTION :** Trading on exchanges is in electronic mode, based on satellite/leased line based communication, combination of technologies and computer system to place and route orders. Thus, there exists a possibility of communication failure or system problems or slow or delayed response from system or trading halt or any such other problem/glitch whereby not being able to establish access to the trading system/network, which may be beyond control and may result in delay in processing or not processing buy or sell orders either in part or full. you are cautioned to note that although these problems may be temporary in nature, but when you have outstanding open position or unexecuted orders, these represent a risk because of your obligation to settle all executed transactions.

**(4) CLIENT WISE LIMITS:** For any client continuously in debit for more than 10, day, further buying is to be stopped immediately. In case of clients in debit for more than 15 days, total operations to be stopped and the accounts to be squared off. In case of further debit, notices to be issued and thereafter arbitration to be filed In case of debits, commission payment of the revisers to be withheld to the extent of loss debit and released on recovery

**(5) BRANCH WISE LIMIT:** Branch wise limits Limits to be set branch wise. The default branch limit would be an exposure of Rs. 25 lakh. Any further exposure or reduction in the exposure limit to be decided by Officer (Risk Management) in consultation with Chairman and Managing Director.

**(6) CLIENT MAPPING:** Client mapping Codes to be mapped to the respective dealers only and not to any other entity

**(7) INTERNET TRADING :** Internet trading clients Limits to internet trading clients to be set by Officer (Risk Management) in consultation with the Branch Head/ Remisier

**(8) EXCEPTIONAL CIRCUMSTANCES:**All exceptional circumstances to be escalated to Chairman and Managing Director.

➤ **Risk Management (Policy Document)**

- We have installed ODIN as afffront-end and also use NEAT wherever required. Both these software are provided with controllable risk parameters
- We have online real-time basis risk management software with well defined parameters installed in our trading system provided by outside vendor who has provided similar software and proven functioning of the same.
- The risk parameters are the very well defined by the Chairman & Managing Director and the risk management team sitting at Head Office .The executive personnel do not any authority to change any risk parameters defined and instructed to them and installed on the software.
- Further, the trade surveillance and monitoring of trading activities of different constituents connected to our main server is being viewed on continuous basis and alerts, warnings are sent to the erring constituents immediately and corrective actions are taken instantly.
- Further, strict monitoring and follow-ups is being kept on all the branches after day end reports and any warnings or correction in security parameters on the risk management software is required with specific branch or a client is taken before day end.
- Further, the analysis of trading activity of major clients is being regularly done to ensure that no risk of bad debts or faulty activity is carried out by any constituents.