

## **RISK MANAGEMENT POLICY**

**RMS stands for Risk Management System** - To manage the risk of the company/client from the volatility of the market.

RMS works on the following concepts:

**Cash:** The clear balance available in the customer's ledger account in ourbooks.

**Margin:** The underlying stake provided by the customer in the form of cash, and/or stock

**Stock qualifying for margin in cash segment transactions:** Securities in the approved list of Stock Exchange as per SEBI guidelines.

**Total Deposit:** The aggregate of client deposit available with us in the form of cash, Shares (After Applicable Hair Cut)

### **Setting up client's exposure limit:**

- In Cash segment, we may provide a exposure limit to a client which would be a multiple of the clear ledger balance in the account of the client plus value of paid up collaterals computed after appropriate haircut. The value of the "multiple" and the "haircut" shall be decided by the company based on Market Volatility and quality of collaterals.
- It is not compulsory to collect upfront margin from clients for Cash segment. Generally the client is allowed to trade up to certain limit, at our discretion, depending on various factors like financial credibility of the client, request from sub broker regarding setting client's exposure limit etc.
- In Futures & Options segment, exposure limit of each client is set, based on Margin money given by the client, as per the Exchange Regulations. Upfront margin is collected from client.

South Asian Stocks Limited (SAS Online) has Right to sell client's securities or close client's position, without giving notice to the client on account of nonpayment of dues. In case of any such sale the client will not be given any notice.

### **Conditions under which a client may not be allowed to take further position**

1. The client has a due / debit balance – Such clients are allowed to close out his open position but is not allowed to take any new position.

2. The client has not able to meet his pay-in obligation in cash by the schedule date of pay-in
3. The client has not met Market to Market loss in cash.
4. The “open” positions in a contract exceed or are close to market wide cut-off-limits.
5. The client’s position is close to client-wise permissible “open "positions
6. The client had defaulted in meeting cash or securities obligation leading to compulsory close out of the position.
7. If the exchange is not allowing any further position in that script.
8. Based on happening of the event company has the risk perception that further trading in the securities/ contracts may not be interest of its clients and/or the market

#### **Conditions under which client open position may be squared off by RMS**

Under the following conditions client open position may be squared off by RMS,

1. Any client with MTM loss of over 70% of the capital.
2. In case market is extremely volatile RMS may square off partial position if client MTM loss over 50%.
3. Any client with margin utilization higher than 150%, positions may be reduced such that margin utilization comes down to 100% . There will be no margin call from SAS Online

Clients are required to manage positions at market closing at their own end and ensure they have sufficient carry forward margins (NRML) at market closing to avoid margin shortage penalty levied by exchange. RMS is not bound to square off position at market closing in case of margin shortfall. RMS may square off position in case of adverse market movement or on T+1 if margin shortage continues.

#### **NATURE OF CUSTOMER TRANSACTIONS**

**Intraday:** - Cash segment: The amounts of purchase (or sale) in a scrip on any trading day that is reversed by the end of the day by making a contra sale (or purchase) of the exact same quantity, thereby nullifying the original position.

**Delivery Trades:-** The net purchase or sale of scrip in a client account that is settled by way of a delivery on T+2. Delivery in respect of sale transactions in the cash segment has to be settled by the client by tendering securities in demat form before the pay-in deadline. Else the client faces the risk of auction.

**Sell against Buying:-** A purchase order executed on the Exchange today and the (undelivered) purchased stock sold in its entirety on the next trading day. In this case the first transaction would be settled on T+2 while the sale would be settled on the third business day after the purchase transaction.

Note – South Asian Stocks Limited will not be responsible for any Short payout of security from exchange

### **MANAGEMENT OF RISK (Online)**

South Asian Stocks Limited Risk Management System will monitor the risks at client level. We have margin based automated RMS system. Total deposits of the clients are uploaded in the system and client may take exposure on the basis of margin applicable for respective security as per VAR based margining system of the stock exchange and / or margin defined by the RMS team based on their risk perception.

In case of exposure taken on the basis of shares margin the payment is required to be made before the exchange pay in date otherwise it will be liable to square off after the pay in time.

As a part of our risk management system, we observe the position of respective client as well as his credit balance available with us, securities lying with us etc. and depending upon the same, we allow them to transact or create the position or to extend / subtract their position.