

NVS Brokerage Private Limited

POLICY & PROCEDURE FOR RISK MANAGEMENT

A. Granting of trading exposure

- a. Trading exposure will be granted based on the effective deposit of the client.
- b. Effective deposit will be computed considering financial position (+/-) value of stock lying with company (after applying appropriate haircut).
 - i. The stock available in following category will be eligible for being part of effective deposit.
 1. Un-transferred stock lying in the beneficiary account of Company.
 2. Stock given by the client specifically for margin i.e. lying in the margin account of the Company.
 3. Stock lying in the beneficiary account of the client and a power of attorney has been executed in favor of Company for operation of such account.
 4. Stock lying in beneficiary account with POA will be eligible only for intraday exposure and will not be considered for carry over positions in F&O segment.
- c. No stock falling in the category of TT, Z, and not approved by Banks/Stock exchange for margin will be considered for effective deposit.
- d. The prevailing policy for granting of exposure based on margin applicable on each stock will apply.
- e. The trading exposure allowed for intra-day trading will be X times of the margin on outstanding positions of the effective deposit (X is a variable may range between 1 to 3 based on the market conditions and policy of the company).

NVS Brokerage Private Limited

B. Treatment of the leveraged positions

- a. Every trading day on or before 3.00 PM, a fresh deposit file with one multiple of the effective deposit will be applied by the Risk Department. This fresh deposit file will restrict the clients from taking fresh positions based on earlier trading exposure granted over and above the available deposit from that time onwards for rest of the trading session.
- b. Clients desirous to carry over the positions over and above of the available deposit in cash and F&O are required to deposit the additional money before closure of the trading session. However in certain cases wherein there is a commitment from respective branch manager/sub-brokers that the shortfall in margin will be made good before 11.00 AM of the following day, such clients will be allowed to carry over the excess positions. The excess positions allowed to carry over cannot exceed X time of the margin of the effective deposit. The excess positions carry over will based on following parameters.
 - i. Up to Rs. 2.00 Lakh on discretion of branch Manager.
 - ii. 2 to 10 Lakh Regional Managers.
 - iii. Over and above 10 lakhs only after due approval by the concerned business head at H.O.
- c. In case of failure of Branch Manager/Sub-broker to deposit the deficient amount of margin by 11.00 AM, the positions of such clients will be squared off by the Risk department without any further notice. In addition such clients/branches/ sub-brokers will not be allowed to take any exposure over and above the available effective deposit in future. Such course of action will be decided by the Risk Team with due consultation with management.
- d. Clients having cheque bouncing track records will not eligible for any extra leverage. Those clients whose cheque bounced twice in a financial year will be given exposure only on realization of cheque and will be allowed to carryover the positions up to the extent of available margin.

NVS Brokerage Private Limited

C. Squaring of transaction based on M To M Losses

- a. Clients taking higher exposure for intraday trading are required to bring the exposure in the line of available effective deposit by 3.15PM every day.
- b. In case any client desirous to carry over the excess exposure the policy as stated in para B will apply for such client/clients.
- c. Clients/branches/sub-brokers will be given warning for reduction/squaring off of exposure/positions in case the total deposit falls below 135% of the financial obligation of client on account of loss incurred and/or reduction in value of portfolio due to fall in scrip prices on account of mark to market loss at any point of time during the trading hours. Warning/alert will be displayed on trading terminals. However it is also expected from the branch managers/sub-brokers to keep a close on-line vigil on clients taking the high exposures of their branches.
- d. The total deposit will be computed on-line considering the financial obligation and value of stocks (excluding TT and Z group) without haircut.
- e. Positions of such client will be squared off without any further notice by the Risk team in case the total deposit fall below 120% of the financial obligation. Stocks of such clients will also be sold up to the extent of shortfall in margin and recovery of loss incurred.
- f. To avoid such action by the Risk Team the clients/branches/sub-brokers are required to bring additional deposits immediately in any case not later than the breaching of the set limit of 120% of the financial obligation.

D. Treatment of clients positions in case of temporary exposure (buy today sell tomorrow scheme)

- a. All the clients taking exposures in the above scheme will be required to clear the outstanding financial dues latest by 5th working day of the date of transaction.

NVS Brokerage Private Limited

- b. However, clients will be allowed to switch the portfolio under the above scheme.
- c. Unmoved account for 5 consecutive working days shall be cleared by the risk department without any notice.
 - i. To determine the unmoved account, the following policy will prevail: -Accounts wherein there is no transaction for 5 preceding working days from the date of transactions.
 - ii. The client's account wherein the rotation of portfolio is less than 50% of the financial obligation within 5 working days of the last transaction will also form part of the unmoved account.