

POLICIES AND PROCEDURES
FOR
RISK MANAGEMENT POLICY

Adopted by:

**SHREE TISAI SECURITIES
PRIVATE LIMITED**

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Policy and Procedure for Risk Management

Purpose:

To manage the risk of the company/client from the volatility of the market.

Concepts of RMS:

RMS works on the following concepts:

- 1) **Cash:** The clear balance available in the customer's ledger account in our books.
- 2) **Margin:** The underlying stake provided by the customer in the form of cash, and/or stock through Pledge-Repledged mechanism.
- 3) **Qualifying Stock:** Securities in the approved list of Stock Exchange as per SEBI guidelines.
- 4) **Total Deposit/ Cash Equivalent:** The aggregate of client deposit available with us in the form of Cash, Shares (after Applicable Hair Cut)

Setting Up Client Exposure:

In cash segment, we may provide an exposure limit to a client which would be a multiple of the clear ledger balance in the account of the client plus value of 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.

In Futures & Options segment, exposure limit of each client is set, based on Margin money given by the client, as per the Exchange Regulations.

The limits may be set on a daily basis or weekly or monthly basis on case to case basis depending on the past performance and credit worthiness of the client.

Margins Collection:

It is compulsory to collect upfront margin from clients. Generally the client is allowed to trade upto certain limit, at our discretion, depending on various factors like financial credibility of the client, request from Authorised Person regarding setting client's exposure limit etc. In F&O segment, that portion of the Upfront margin shall be collected compulsorily from the client which is required to be mandatory to be collected. Additional margin shall be collected if felt necessary depending on the client or scrip.

Margin shall be collected in the form of funds, approved securities, Bank Guarantee or Fixed Deposit as allowed by the exchange/ clearing corporation.

Family and group adjustment shall not be allowed as prescribed by SEBI/ Exchanges etc for considering margin collection in the manner as provided.

Order Receipt, Execution and Trading:

- Trading not allowable to client having uncovered debit balance.
- Client shall not be allowed to trade in illiquid counters unless a appropriate reason for the trade is provided by him.
- Order is received directly from client or person authorized by client only.
- In case of large order qty./Script name and rate is reconfirmed before pacing the order.
- All trading terminals have quantity and price limits to avoid the big losses from punching errors.

Pay-in and Pay-out of Funds and Securities:

- The Pay-in of shares /funds from client comes only from their Demat Account and Bank Account.
- Pay-out of funds is made to clients only after Pay-in of securities from clients and after adjusting all types of Margins.
- Pay-out of Securities is made to clients only after Pay-in of funds from clients.
- Proper check of the pay-in and pay-out is carried out to avoid any future disputes.
- Cash payment is not made to client / accepted from client.

Business Continuity Planning:

- Daily backup of important data is taken on backup server and on external hard disk and it stored at safe place outside the office premises.
- In case of power failure USP system is there is sufficient backup capacity to ensure that trading will not be suffered.
- Back-up server of all critical system is there i.e. back office server, IML server, CTCL manager, Leased Line, Trading terminal etc to handle the unforeseen circumstance

For Shree Tisai Securities Pvt. Ltd.

Compliance Officer