



Asiatic Stock & Securities Ltd.

(Member: National Stock Exchange of India Ltd)

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Policy on Risk Management System

Asiatic Stock & SECURITIES LIMITED

RMS POLICY

1. Definitions: In this Policy, unless the context requires otherwise,

1.1 RMS: RMS means Risk Management system. Risk management is to manage risk of company and clients from volatility of capital market/Currency/Commodity Market.

1.2 Adjusted Ledger Balance: Adjusted Ledger balance means clear balance in client's ledger account in company's books. For example, proceeds of shares sold but not delivered will be reversed if credited in the ledger and debited Var Margin will be ignored.

1.3 Securities in On-Behalf: Securities in on-behalf means the securities of the client lying in the Company's pool account. Securities given by the client in margin and securities held by the Company till full payment is received are kept in On-behalf.

1.4 Securities in Margin: Securities in margin means those securities which are approved for this purpose by the Exchange given by the Client to the Company to meet his margin obligations in F&O segment. These are transferred by clients to the Company and may further be pledged by the Company to the Exchange towards the Company's margin obligations for the client.

1.5 Exposure of client: Exposure of Client means a client's obligation arising out of (i) Buy and Sale entered into on behalf of the client in cash segment which are yet to be settled and (ii) open position in F O segment.

1.6 Total Deposit: Total Deposit means aggregate of ledger balance, value of securities after hair cut in on behalf, value of Securities after hair cut in margin and cash margin, if any, received from the client.

1.7 ASIATIC Var: ASIATIC Var means the percentage of hair cut/margin fixed by ASIATIC from time to time for different securities. It is fixed on various considerations like average volume traded, Volatility, Exchange Var, Impact cost etc. of particular scrip.

1.8 Concentration: Concentration means the number of each scrip arrived at application of the percentage fixed by the Company from time to time on the basis of average daily volume of trade on the exchange in that scrip during the last 30 Days.

2. Transaction offered to clients:

2.1 Intraday trades: Intraday transactions are, sale - Purchase in any scrip which are reversed by contra transaction of Purchase- Sale in the same scrip and in the same quantity, so that net quantity carried is NIL on a particular trading day.

2.2 Delivery Trades: This is net Purchase or Sale of particular scrip in client's account, which is settled by Delivery on T+2 Days.

In case of sale transactions client has to give securities to company in demat form before pay- in, else he will bear auction debit.

2.3 Sell Against unsettled Buying: This is sale against unsettled buying in particular scrip. Under this kind of transaction a client can buy particular scrip in particular quantity on day one and can sell the same scrip in same quantity on the immediately next trading day.

Note; In this case ASIATIC will not be responsible for any short pay out of security received from Exchange resulting in short delivery in client's account.

3. Risk Management: We are having margin based Risk management system, in which total deposit of client is uploaded in system. Now client can take exposure in any scrip(s) and his deposit will be utilized (based on ASIATIC Var margin) on the particular scrip(s).

In this margin based risk management system, client has to make payment before the time fixed by the Exchange for Pay-In. Otherwise he will be liable for consequences of square off.

Example:

A client with following position intends to trade

Particulars	AmountRs.
Ledger balance Credit	50000
Margin Shares before hair cut	100000
Margin Shares after hair cut (ASIATIC Var Margin20%)	80000
Total deposit (50000+80000)	130000

Suppose the client wants to buy XYZ Ltd. on which ASIATIC Var margin is 20%, and then he can take position of up to Rs. 650000 as Margin on this position is Rs. 130000 ($650000 \times 20\%$). However, he has to make payment of the remaining amount i.e. $Rs. 650000 - 130000 = Rs. 520000$ before T+2 Days.

Suppose the client decides to buy ABC Ltd. on which Asiatic Var margin is 25%, he can buy up to Rs. 5,20,000.

In case a Client wants to sell any securities already lying with us in On-Behalf or Margin, he can do so without paying any margin thereon. This can be done by selecting "Delivery" option in order entry window on the trading platform.

Policy Framework for voluntary freezing/blocking the online access of trading account for clients (Annexure to Risk Management Policy)

1. INTRODUCTION

This policy outlines the framework for providing clients the facility to voluntarily freeze/block their trading accounts in case of suspicious activities, in line with SEBI circular no SEBI/HO/MIRSD/POD-1/P/CIR/2024/4 dated January 12, 2024, and Exchange Circular no. NSE/INSP/60277 dated January 16, 2024.

2. Objective:

To enable clients to safeguard their trading accounts by offering a mechanism to voluntarily freeze/block trading accounts in case of suspicious activities and to ensure compliance with regulatory requirements.

3. Mode of receipt of request for freezing/blocking the trading A/c:

Clients may request to freeze/block their trading accounts through at least two of the following modes of communication:

- Email from the registered email ID
- SMS from the registered mobile number
- IVR/tele calling

A dedicated email ID and telephone number for this purpose is as under:

- a) **EMAIL**-stoptrade@asiaticstock.in
- b) **Phone no**- 0124-4383765s

4. Procedure to be followed on receipt of request for freezing/blocking the trading A/c.:

On receipt of request from clients through any of the prescribed modes of communications; for freezing/blocking of the online access of the trading account from the client:

- a. Company shall validate that the request is received from a registered client as per and issue an acknowledgement as well as freeze/block the online access of the client's trading account and simultaneously cancel all the pending orders of the said client.
- b. (i) To validate that the request for freezing/blocking of the online access of the trading account is received from the respective client; company shall authenticate the client with OTP Authentication.

(ii) To validate the request received on dedicated telephone number; company shall verify the client by authenticating that request is received from registered mobile no. of client and with 2 Factor Authentication.
- c. The timelines for freezing/ blocking of the online access of the clients' trading account is as under:

Scenario	Timelines for issuing acknowledgement as well as freezing/ blocking of the online access of the trading account
Request received during the trading hours* and within 15 minutes before the start of trading.	Within 15 minutes
Request received after the trading hours and 15 minutes before the start of trading.	Before the start of next trading session

- d. Post freezing/blocking the client's trading account, company shall send a communication on the registered mobile number and registered e-mail ID of the client, stating that the online access to the trading account has been frozen/blocked and all the pending orders in the client's trading account, if any, have been cancelled along with the process of re-enablement for getting the online access to the trading account.
- e. Company shall also communicate / provide the details of open positions of client (if any) along with contract expiry information within one hour from the freezing/blocking of the trading account.
- f. Company shall maintain the appropriate records/logs including, but not limited to, request received to freeze/block the online access of trading account, confirmation given for freezing/blocking of the online access of the trading account and cancellation of pending orders, if any, sent to the clients.
- g. In case of failure of in freezing/ blocking the online access within the prescribed timelines, there is a risk that company may be held responsible for any trades executed from the time of receipt of such request till such time the online access is blocked / frozen.

5. Re-enabling the client for online access of the trading account: -

Company shall re-enable the online access of trading account after carrying out necessary due diligence including validating the client request and unfreezing / unblocking the online access of the trading account.

6. Clarification for clients:

1. Freezing/blocking is only for the online access to the client is trading account, and there shall be no restrictions on the Risk Management activities of company.
2. The request for freezing/ blocking does not constitute request for marking client Unique Client Code (UCC) as inactive in the records of respective Exchanges.

7. Record Management:

1. Company shall maintain a verifiable record of communication of this policy to all existing clients and obtain a confirmation of providing a copy of this policy from all new on boarded clients with effect from July 1, 2024.
2. Company shall maintain a verifiable record of all such requests received for freezing/ blocking of online access to trading account received from clients as per record management guidelines prescribed by the exchanges/regulator.

8. Reporting of freezing / blocking of the online access of the clients trading account:

The data relating to freezing / blocking of the online access of the clients trading account shall be reported as per compliance requirement prescribed by SEBI / Exchanges, if any.

9. Notification of Open Positions:

Details of open positions and contract expiry information will be communicated to the client within one hour of freezing/blocking the trading account.

10. Disclosure:

This policy, along with the process and modes through which clients can request to freeze/block and unfreeze/unblock their trading accounts, will be disclosed on the Broker's website. The policy will form part of the account opening kit for new clients from July 01, 2024, and will be communicated to existing clients by July 01, 2024, via email or other suitable mechanisms which can be preserved. If communication is undelivered, alternate channels will be used, including physical delivery, SMS, or electronic instant messaging services in adherence to Exchange Circular No. NSE/INSP/52604 dated June 10, 2022.

Contact Information: For any queries or further information, clients may contact:

- Email: info.asiaticstock@gmail.com
- Phone: 0124-4383765

Effective Date: This policy is effective from July 01, 2024