



Manubhai Mangaldas Securities Pvt. Ltd.

Member : NSE, BSE, CDSL

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POLICIES & PROCEDURES
For
RISK MANAGEMENT SYSTEM

MANUBHAI MANGALDAS SECURITIES PVT. LTD.

POLICIES & PROCEDURES

RISK MANAGEMENT SYSTEM

MANUBHAI MANGALDAS SECURITIES PVT. LTD. (MMSPL) has Risk Management Policies for all the clients of MMSPL. These policies have been adopted to minimize the risk to MMSPL from possible defaults of the clients who deal with it. The risk management systems considering the current operations of the company are:

➤ **Client Registration:**

- The clients are given application forms for being appointed as a client only after they have met the staff / sub-broker through whom the client has approached us for opening an account.
- The client registration team of the company/Staff of the Sub Brokers personally meets the clients and assesses the financial position, risk appetite, investment objectives, past Credentials, qualification, current working position, etc. The feedback of the same is made and given to the managing director/ Sub Broker for his clearance. After the same is found to be proper by the compliance officer/Sub Broker, the permission for forwarding the Know Your Client form along with KRAmer forms and various requirements is give to the client.
- Client is registered only after receiving KYC, KRA Forms, Risk Disclosure Documents duly completed and filled up with all supporting.
- Client is registered only after verification of PAN from the website of Income Tax Department. Also verify that the prospective clients name do not appear in SEBI ban list entity.
- Documents given by the client is verified with original documents.
- In person verification is done before account opening.
- Financial detail is compulsory filled in KYC to know the soundness of client backed by relevant documents as far as possible in case of clients trading in derivatives.
- Account opening letter is sent directly to the registered mailing address of the client to verify client address.

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➤ **Order receipt, Execution of Trade and collection of Margin:**

- Every client is designated a proper dealer/s, and the dealer/s before accepting the order for the client is given the background of the client so that the dealer is in a proper position to analyse the capability, the risk appetite and the investment pattern of the client so that proper risk assessment can be made considering the client.
- The risk with respect to the trades done by the client is regularly assessed by the dealer.
- The dealer being regularly interacting with the client is aware of the trading pattern and thus in a position to determine the risk vis a vis every trade done by the client.
- The exposure with respect to every sub-broker & dealers terminal is controlled through the office risk management team.
- The risk management team regularly assesses the trades being executed by the clients / sub-brokers / sub-brokers client to check the trades in illiquid / risky stocks. The past operations are also tracked, to assess the risk level of the company in dealing with such clients. The trades in Z category stocks as specified by BSE are not allowed. The Trades in Z category scrip are executed at the end of Head Office Only; the Franchisees are not allowed such rights to execute Trade in such Z category Scrips.
- 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 placing the order.
- Upfront margin is collected from clients in case of derivative trades with applicable haircuts as listed below:

Item	Haircut
Cash	0
Bank fixed deposits	0
Bank guarantees	0

Securities Deposit for the Cash Segment

30% except for the Z group securities where there is 100 %

Hair Cut Securities Deposit for F & O Segment

As per Var Margin File generated by the **PLUS 15 to 20 % on it.**
Exchange daily

Note: That Valuation of the Securities for Deposits are done on the basis of the closing Price.

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- Limits are first set for the Branch for buying & selling than, limits are set for the NEAT terminals. Both the Limits are set in corporate Manager, once the above exercise is done the Limits are set for the CTCL Terminals Trade Limits is set for all users/dealer and clients on a daily basis as stipulated by the Risk Management desk. Exposures shall be allowed on the clear credit MMSPL in the clients Ledger +Stocks lying in beneficiary account + Margins (securities and Cash with Balance). However MMSPL may at its own discretion allow additional exposure as per the Track Record of the clients.
- All trading terminals have Quantity and price Limits to avoid the big losses from punching errors.
- Client is allowed to take positions based on permissible limits based on upfront margin collected.

➤ **Review:**

- The RMS Team regularly reviews the clients O/S Position, the review is carried in the Light of The MTM, Margin, O/s Balance in their Ledger Account.
- The Team also ensures the hair cut ranging from 20 to 30% Hair cut in all the clients.
- In case there are debit beyond a particular period or old debit the Buying Limits are blocked after considering the track record of the clients.
- Further Daily follow up is done for the uncovered clients.
- Daily files for O/S beyond a particular are sent across to the respective Franchisee.

➤ **Sending Contract Notes, Margin statement, Account statement:**

- Contract Notes is delivered to clients within stipulated time limits to avoid any disputes.
- Daily Margin Statement is sent to client.

➤ **Margin is discretionary in cash segment.**

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➤ **Margin collection, pay-in/Pay out of funds and securities:**

- The PAY IN of shares /funds from client comes only from their Demat Account and Bank Account declared in the KYC form. In case the shares are received for the Account other than designated Account then such shares are returned to the clients.
- 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.
- POA is also provided by clients, but POA is only used for pay-in purpose of Shares or delivery of securities and margin purpose.
- The company also reconciles its pool, principle, CISA and client beneficiary account on a daily basis.
- Cash payment is not made to client / accepted from client.
- Further some of the clients have given consent to the company to maintain running accounts on their behalf.

For **Manubhai Mangaldas Securities Pvt. Ltd.**

(Mr. Keyur M. Bhagat)
Director