ABSOLUTE BROKING PRIVATE LIMITED

RISK MANAGEMENT POLICY OF ABSOLUTE BROKING PRIVATE LIMITED

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Introduction

Absolute Broking Private Limited is a SEBI registered Stock Broker, Depository participant, Merchant Banker, Research Analyst etc.

The Company has an Integrated Risk Management Policy that provides an integrated framework for managing risks within the Company. The Company has also from time to time adopted Operational Risk Management Strategies for its Stock Broking activities.

In the course of conducting its broking business Absolute Broking Private Limited is exposed to various risks including market, credit, liquidity, operational and other risks that are material and require comprehensive controls and on-going oversight.

Trading in stock market is always subject to market risks which cannot be predicted. Different kind of market risks are communicated to client at the time of account opening with us as risk disclosure document.

We seek to minimize the risk of loss through a dynamic risk management policy which is an essential feature of our operations.

It is important to note that our Risk Management Policy is not an insurance against losses but these are measures and precautions that are adopted by us to minimize the risk.

Our Policy is based on market scenarios and our risk perceptions of the market and SEBI/Exchange regulations for the time being in force. This can be change from time-to-time based market conditions and decisions basis of internal policies and practices.

Objective

The main objective of this Policy is to ensure sustainable business growth with stability and to promote a proactive approach in reporting, evaluating and resolving risks associated with the Company’s business. In order to achieve the key objective, this Policy establishes a structured and disciplined approach to Risk Management. In order to guide decisions on risk related issues, the specific objectives of this Policy inter alia are:

- To ensure that all the current and future material risk exposures of the Company are identified, assessed, quantified, appropriately mitigated, minimized and managed i.e. to ensure adequate systems for risk management.
- To establish a framework for identification of internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability (particularly, trading related risks), information, cyber security risks or any other risk as may be determined by the Risk Management Committee (“the Committee”) for the company’s risk management process and to ensure its implementation.
- To measure risk mitigation including systems and processes for Internal Control of identified risks.
- To enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices.
- To assure business growth with financial stability.

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Setting up client's Margin Limits

Margin Limit in Cash segment (Including MTF Product): Absolute Broking Private Limited ("ABPL") Provides Margin based limit following the VAR and Extreme loss margin applies to scrip as defined by the Risk Management team time to time at its discretion. Hence Exposure for intraday and delivery transactions can be multiple (varying from scrip to scrip based on VAR (Margin rates) applies to scrip) of the ledger balance, value of collateral benefit after applying haircut on holding lying in the client account and credit for sales.

The value of the "multiple" and the "haircut" shall be decided by ABPL based on market volatility and quality of collaterals. Limit on the basis of unsettled sales and uncleared cheques will be at discretion of ABPL.

Margin Limit for F&O, Currency & Commodity segment: ABPL provides margin limit in F&O, Currency and Commodity Segment, based on availability of initial and exposure margin upfront available into the client account in the form Ledger, cash collateral and non-cash collateral (i.e. approved pledged securities (in favour of ABPL) after appropriate haircut.

Client-wise differential limits: ABPL shall have the prerogative to allow differential limits in Cash, F&O and Currency segments varying from client to client, depending upon credit worthiness and past conduct of each client or any other criteria which ABPL may find suitable.

ABPL Discretions on limits:

- ABPL has discretion to change the limits/ratios on the basis of risk perception and other factors considered relevant (such as broker level/exchange level limits in specific securities or Income declaration or volume Specific exposures based on surveillance measures or Availability of cash/ cash equivalent margin etc.
- ABPL shall not be able to inform the client of such variation, reduction or imposition in advance.
- ABPL shall not be responsible for client's inability to execute any order on account of any such variation, reduction or imposition of limits.
- Collateral benefit on pledged share of Absolute Broking Private Limited will be zero for limit purpose in broking and MTF.
- MTF funding will not be allowed on shares of Absolute Broking Private Limited.
- Collateral can be provided in Cash or Non cash component, and client should maintain Cash and Non cash Ration of 50:50 for trading, however we will not restrict client to trade even if client fails to maintain Cash and Non Cash Ratio of 50:50, ABPL on behalf of its client will maintain this ratio at Clearing Corporation level and will charge interest for this under head Delay / Late payment charges.

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Refusal of orders for penny stocks or illiquid securities / Contracts

- Penny/ illiquid Stocks are traded at relatively low price and market capitalization. Absolute Broking Private Limited (ABPL) shall have absolute discretion to accept, refuse or partially accept any buy or sell order for execution from a client in respect of penny stocks, illiquid stocks, stocks / contracts having low liquidity, illiquid “options”, far month “options”, writing of “options”, and any other contracts which as per the perception of ABPL are extremely volatile or subject to Market manipulation
- ABPL may permit restrictive acceptance of orders in such scrips/contracts in controlled environments like orders received from clients being forwarded by branches to a centralized desk at HO instead of allowing trading in such scrips/contracts at branch level or through online trading platform. ABPL shall not be responsible for the delay in execution of such orders and consequential opportunity loss or financial loss to the client.
- ABPL may take appropriate declarations from the clients before accepting such orders.
- ABPL shall have the prerogative to place such restrictions, notwithstanding the fact that the client has adequate credit balance or margin available in his account and/or the client had previously purchased or sold such securities/contracts through ABPL itself.
- In addition to existing Surveillance action being imposed from time to time, it may be noted that securities which are under graded surveillance measures will attract additional surveillance measures.

The right to sell clients securities or close clients positions, without giving notice to the client, on account of non-payment of clients dues (This shall be limited to the extent of settlement / margin obligation)

ABPL shall have the right to sell client’s securities, both unpaid securities as well as collaterals deposited towards margins, or close out client’s open positions, without giving notice to the client where there is a delay/failure of the client to the pay-in obligations and/or there is a failure of the client to bring additional margins to cover the increase in risk in the dynamic market conditions.

A. Unpaid Securities in Capital Market and Unpaid MTM obligation of derivative segment:

- In case of unpaid obligation (Capital Market) on T+1, ABPL may sell the unpaid/ partially paid securities. In addition, ABPL may sell the collaterals deposited by the client towards margins and/or paid securities purchased by the client in earlier settlements where the sale proceeds of unpaid securities are inadequate to cover the pay-in obligations and/where the unpaid securities appear to be comparatively illiquid and cannot be sold at reasonable rates to the extent required.
- In case of unpaid MTM obligation of derivative segments on T+1, ABPL may close the position or/and sell client’s securities (Unpaid Securities / paid Securities / collaterals deposited by the client towards margins).
- Further ABPL shall also have rights to Invoke Pledge Securities/ Mutual Funds Units with/without prior intimation to fulfill client’s unpaid settlement / margin obligation.
- ABPL may follow the Company Policy for liquidation of securities, but it may not be binding on it to follow this method in all cases.

B. The margin shortfall in F&O, Currency and Commodity Segments:

- Positions of the client may be closed out to the extent of margin shortfall on the T+1 basis /Real time monitoring basis.
- While computing margin shortfall, value of unapproved securities shall not be considered.
- As per the Exchange requirements, the ABPL is required to maintain a prescribed ratio between cash and collaterals margin deposited with the Exchange. ABPL shall therefore have the prerogative to insist for at least such prescribed ratio % margin in cash and may not consider the value of securities over and above the cash component for the purpose of calculating margins shortfall and close the client’s position where it finds deviation.

C. Securities bought under Margin Trading Facility:

- Positions of the client may be closed out to the extent of margin shortfall (including MTM Loss) on T+1 onwards or Real time monitoring basis.
- While computing margin shortfall, value of unapproved securities shall not be considered.
- In case of unpaid obligation, ABPL may sell the unpaid/ partially paid securities. In addition, ABPL may sell the collaterals deposited by the client towards margins and/or paid securities purchased by the client in earlier settlements where the sale proceeds of unpaid securities are inadequate to cover the pay-in obligations and/where the unpaid securities appear to be comparatively illiquid and cannot be sold at reasonable rates to the extent required.
- Position of client may be closed if funds for required margin is not available in the form of Cash.
- If the ratio of available collateral (Funding Stock + MTF Collateral) against debit (MTF Ledger) comes down to 15% or below 15% then Funding Stock / MTF Collateral of client may be sold on a real-time basis.

D. Intra-day positions:

- ABPL shall have right to close out any intra-day positions taken by the client after a defined 'Cutoff' time (Presently 15 minutes before close of market)

E. Mark to Market (MTM) / Risk base Liquidation:

- All positions under All Product will be subject to 75% MTM Loss i.e. positions will be liquidated if loss reaches a pre decided level of client margin loss. The OPEN positions (i.e. the carry forward overnight positions) and the intraday leverage position (across segments) will be squared off at 75% MTM Loss. Further if the ratio of available collateral (Broking + MTF) against debit (Broking + MTF) comes down to 15% or below 15% then position /securities of client may be closed/sold on a real-time basis.

F. Stock Derivative Contracts settled through Physical delivery:

- Client's positions in Stock Option and Stock Future contracts which will expire in next 5 trading days may be closed if client do not have sufficient Margin / coverage available.
- In case value of delivery is higher than a predefined value then higher margin / coverage will be required along with client confirmation. In absence of required funds or confirmation ABPL may close the position.
- In case of short position (Call Short/Future Short/Put Long) in stock derivative where delivery pay- in obligation may arise, may be squared-off on the expiry day (monthly), if client does not have delivery stock in his D-mat account (POA).
- OTM contracts in Stock Options which are away up to 2% from Underlying LTP, will also be considered as possible ITM and may be squared-off as per above policy.

G. General:

- ABPL may take into account the sales made, positions closed by the client or collections received from the client till a cut off time (as per company policy) while selling the securities/closing the client's positions against debit / margin shortfall.
- While selling the securities/ closing the client positions, ABPL may not take into consideration Cheques showing unrealized although deposited by the client with ABPL until clear proceeds of such instruments are received by ABPL in its bank account. For this purposes Demand Draft / Pay order will not be taken into consideration.
- ABPL shall have the right to sell clients securities or close out client's position, but it shall not be under any obligation to undertake this exercise compulsorily.

- ABPL shall have the right to sell clients securities in case of Ageing of debit and margin shortfall in the client account.
- ABPL shall not be responsible for any losses and penalties / charges levied by exchanges(s) caused on such square off.
- ABPL shall therefore not be under any obligation to compensate for / or provide reasons of any delay or omission on its part to sell clients securities or close open positions of the client.

Restrictions on creation / Square-off or carry forward positions

Below are conditions under which a client may not be allowed to take further position or square-off the position or the broker may close the existing position of a client.

A. All markets:

- Client is not having adequate margins as per conditions in Risk Management policy.
- The client has not been able to meet his pay-in obligations in cash by the scheduled date of pay-in irrespective of the value of collaterals available with ABPL.
- Clear proceeds of the cheque deposited by the client to meet the pay-in obligations have not yet been received by ABPL.
- Client is trading in "illiquid" scrips and volumes in his account exceed internal cut off limit fixed by ABPL.
- ABPL exposure at "house level" in a specific security / contract exceeds the internal limits fixed by ABPL.

B. F&O, Currency and Commodity Segments:

- The client has not made payment for Market-to-Market loss in Ledger.
- The "open" positions in a contract exceeded or are close to market wide cut off limits or client wise permissible positions by exchange.
- ABPL shall have the prerogative to place such restrictions on creating position in Stock Option & Stock Futures contracts (Settled through physical delivery) which will expire in next 5 days, not with standing the fact that the client has adequate credit balance or margin available in his account and/or the client had previously purchased or sold such contracts through ABPL itself. ABPL shall not be under any obligations to undertake this right compulsorily.
- Client will not be able to square-off his position if Margin gets increased due to square-off of any Position and client does not have sufficient margin as per Risk management policy.

C. INTRA- DAY:

- Clients will not be able to place intra-day orders after a cut-off time fixed by ABPL. (15 minutes prior to close of market)

D. Event Based:

- Where based on a corporate / market event, ABPL has the risk perception that further trading in the securities /contracts may not be allowed to its clients and/or the market.

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Temporarily suspending or closing a client's account at the clients' request

- ABPL may carry a periodic review of the client accounts and may suspend the accounts from trading in the following circumstances:
- The client is inactive for more than 24 months across group companies.
- The account is under investigation by a regulatory body.
- Based on the recommendations made by the branch manager due to excessive speculations, unclear balances.
- Physical contract notes are received back undelivered due to reasons like "no such person",
- "Addressee" left, refusal to accept mails, signature mismatch on POD's or other reasons which may create suspicion.
- DCN failed (bounced email) on more than 3 instances until client submits and registers new email id.
- Non-delivery of the Statement of Account sent on a periodic basis.
- Non-Updation of communication details viz., email id, mobile no., landline details or it is found to be belonging to a third person.
- Client lodges a complaint either directly with ABPL or through Exchange relating alleged Unauthorized Trades being executed in the account.
- On notices received from statutory, Government or Local authorities and Income Tax, a Judicial or Quasi-Judicial authority, etc.
- Client is reported to or known to have expired.
- ABPL may also suspend the account based on the written request received from the client.

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Voluntary freezing/un-freezing the online access of the trading account

In pursuant to SEBI Circular SEBI/HO/MIRSD /POD-1/P/CIR/2024/4 dated 12th January, 2024, BSE Circular 20240408-12 and NSE Circular NSE/INSP/61529 dated 8th April, 2024; the facility of voluntary freezing/ blocking the online access of the trading account to the Clients is made available effective from 1st July, 2024.

A. Modes of raising request

Client may request for voluntary freezing/ blocking the online access of trading account through any of the below mentioned modes

a) By calling the dedicated telephone line or sending an email to the designated address.

B. Process

a) If client wishes to raise the request via call then, he/she will have to call on aforesaid dedicated telephone number(s). Where ABPL representative will attend the call. On receipt of request, ABPL representative will verify whether request is received from the registered phone number of the client and confirm additional details; or where request is received from other than registered phone number of the client, ABPL will do validation through 2 Factor Authentication. Accordingly, ABPL representative will process the request in system.

b) If client wishes to raise the request via Mobile App, he/she will have to follow below steps.

- Login to Trade Mobi App
- Go to Update Profile Menu under Support Menu
- Click on Freeze/ Unfreeze Account
- Verify the details
- Read and confirm Terms and Conditions
- And click on Activate/ Deactivate Button
- An OTP will be sent to registered Email and Mobile No.
- Enter the OTP and validate the same to complete the process.

c) Post completion of validation step, ABPL will issue the acknowledgement to the client 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. Post freezing/ blocking the client’s trading account, ABPL will 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.

d) Details of open positions (if any) will also be communicated to the client along with contract expiry information within one hour from the freezing/blocking of the trading account.

C. Timelines

The timelines for freezing/ blocking & issuing acknowledgement 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

Trading hours shall be as follows:

Capital Market Segment: 9.15 a.m. to 3.30 p.m., Equity Derivatives Segment: 9.15 a.m. to 3.30 p.m., Currency Derivatives Segment: 09.00 a.m. to 05.00 p.m., Commodity Derivatives Segment: 09.00 a.m. to 11:30 p.m. Please note that Trading hours may be different in case of special session or during sun-outage as per regulatory norms, so refer to the settlement calendar for the same.

D. Maintenance of records

ABPL 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.

E. Failure in freezing/ blocking the online access

In case there is failure in freezing/ blocking the online access within the prescribed timelines (15 minutes in case the request is received during the trading hours and within 15 minutes before the start of trading / Before the start of the next trading session in case the request is received after the trading hours and 15 minutes before the start of the trading), ABPL shall be responsible for any trades executed from the time of receipt of such request till such time the online access is blocked/ frozen.

F. Re-enabling the trading account for online access

For unfreezing/ unblocking the Trading account, client can raise the request through any of the 2 modes (Call or Mobile App) as specified above. After carrying out necessary due diligence including validating the client request, the trading account will be unfreezed/ unblocked for trading within 15 minutes.

G. It is clarified that:

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

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Deregistering a client

- ABPL may de-register the client account based on action taken by Regulatory bodies or being part of list of debarred entities published by SEBI.
- ABPL may also initiate action for deregistering a client on basis of information found in sites of CIBIL, watch out investors, world check or client having suspicious back ground, link with suspicious organization, etc.
- ABPL shall have right to close out the existing positions; sell the collaterals to recover its dues, if any, before de-registering the client.
- ABPL may freeze the assets of the client where it deems prudent, at time of de-registering a client.

Procedure for Activation of in-operative accounts

- Any client is not doing single transaction into trading account with us for a period of 24 months.
- To activate these dormant / inoperative accounts, clients are required to fill up a dormant activation form and provide the other related documents (including IPV) and details as per company policy.
- Refund of surplus funds to Dormant Client: We have a system of advance intimation of dormant in client account and client money is return back on client request basis.

Intimation to clients

- Client can view details of his/her ledger, holdings, margin etc. via secured login on internet login provided to client.
- Regular intimations regarding debit, information about margin shortage with penalty amount, communication regarding liquidation is sent through SMS and email on the clients' registered mobile number and email address respectively.

Margin collection in Derivative segments

A. Equity Derivative Segment: -

- Total Margin levied by the exchange is to be given on upfront basis by Client.
- Mark to Market Losses are to be given as soon as margin calls are made by ABPL and client will have time only till T+1 working day to provide such margins.

B. Currency Derivative Segment: -

- Total Margin levied by exchange is to be collected on an upfront basis.
- Mark to Market Loss is to be given as soon as margin calls are made by ABPL, and the client will have time only till T+1 working day to provide such margins.

C. Commodity Derivative Segment: -

- Total Margin (Initial + Exposure + Net Buy Premium) levied by exchange is to be collected on an upfront basis.
- Other Margin and Mark to Market Losses are to be given as soon as margin calls are made by ABPL, and the client will have time only till T+1 working day to provide such margins.

D. Cash Segment: -

- Total Margin (Minimum Margin) levied by exchange is to be collected on an upfront basis.
- Other Margin (Adhoc Margin) and Mark to Market Losses are to be given as soon as margin calls are made by ABPL, and client will have time only till T+1 working day to provide such margins.

Note: - The period of 'T+1' working days has been allowed to client to provide margin taking into account the practical difficulties often faced by the client only for the purpose of levy of penalty and it should not be construed that clients have been allowed 2 days to pay margin due from them.

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Margin Trading Facility (MTF)

SEBI / Exchanges prescribe eligibility conditions and procedural details for allowing the Margin Trading Facility from time to time. Apart from guidelines prescribed by regulating authorities, ABPL shall follow the points below and ABPL has discretion to change the same from time to time.

- MTF segment is activated only after consent from client.
- ABPL shall have the prerogative to allow / not to allow MTF facility to client.
- Trade done with MTF Product on Trading Platform will be booked in Backoffice as MTF Trades only in case free margin available in MTF book, rest all trades will be moved to Broking book.
- Product conversion is not allowed. For e.g. CNC or MIS to MTF or vice versa.
- In case of shares bought under MTF product there must be net buy delivery obligation from exchange/Clearing Corporation then only trades will be booked in the Back office as MTF trades.
- MTF funding may be closed in case there is no trades in MTF since last 85 days.
- Absolute Broking is permitted to extend MTF to the clients on such terms and conditions as specified by the Stock Exchanges / SEBI from time to time and as mutually agreed by and between Absolute Broking and the Clients. These rights and Obligation comprises the terms and conditions applicable to MTF and Absolute Broking and clients shall abide by the same and any other requirements of the margin trading framework, including other rights and obligations, if any, prescribed by the Stock Exchange/ SEBI/ Absolute Broking from time to time. Any modifications to the terms and conditions, other than those specified by SEBI/Stock Exchanges, shall be intimated to the Clients giving prior notice in advance.
- Equity Shares that are classified as ‘Group I Security” by SEBI only shall be eligible for MTF. Absolute Broking, at its discretion, may not provide funding under MTF to certain equity shares though classified to be “Group I Security” by SEBI. Any securities if moved out from Group 1 or ABPL at its discretion decided not to continue with the existing funding in a particular security then existing funding will be closed after giving intimation to client. Further all risk management policies will be applicable to the increased debit in broking books due to closure of MTF funding.
- Client shall be required to provide the minimum initial margin and MTM margin as applicable for a particular stock to buy that stock under MTF. The margin shall never be lower than that prescribed by the Stock Exchange/SEBI. However, Absolute Broking shall have the right to demand a higher initial margin than the margin prescribed by SEBI/Stock Exchanges.

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Policy for Custodian Participant

- All Securities as collateral will be accepted as collateral, however exposure is being allowed only for approved securities of NSCCL after appropriate haircut.
- Haircut percentage for collateral other than MF, Cash, FDR and BG will be as per the haircut given by NSCCL for approved securities subject to minimum 20%.
- Cash Component will be Cash, FDR, BG and Cash Equivalent securities/ MF/ Bonds/ G-Sec as per NSCCL approved list of securities.
- Securities/MF/Bonds/G-sec other than Cash Equivalent securities/ MF/ Bonds/ G-Sec as per NSCCL approved list of securities will be treated as Non-Cash Component.
- If any Non-Compliance observed, then it would be highlighted as per below: -
- 1st - Centralized NRI Operation Desk Head
- 2nd- Operation Head / Compliance Head
- We will do a performance evaluation process annually by asking clients for additional information as required on a case-to-case basis.
- In case of repeated cases of shortfall then client has to square-off the position and also should provide financial information like net worth certificate or balance sheet.
- Collateral benefit other than approved securities will not be provided and also if there is concentration in any scrip than ABPL have rights to restrict collateral benefit on approved scrips also on case-to- case basis.
- Collateral can be provided in Cash or Non-Cash component, and client should maintain Cash and Non- Cash Ration of 50:50, however we will not restrict client to trade further if sufficient funds available (subject to Late payment charges), however ABPL has discretion to change the above ratio on the basis of risk perception and other factors Considered relevant.
- ABPL shall have the prerogative to allow differential limits/Ratio/haircuts in Cash, F&O and Currency segments varying from client to client, depending upon credit worthiness and past conduct of each client or any other criteria which ABPL may find suitable.
- The client needs to meet his pay-in obligations for any MTM in cash by the scheduled date of pay-in irrespective of the value of collaterals available with ABPL.
- In case of unpaid MTM obligation of derivative segments on T+1 within cut-off time, ABPL may close the position or/and sell client’s securities (Unpaid Securities / paid Securities / collaterals deposited by the client towards margins).
- Liquidation will be done from stocks available in demat account & will be at discretion of ABPL after adding the TDS on profit amount for stocks to be liquidated.

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Important Notes

Apart from the above, below are important points which need to take a note while trading. Below list is indicative and not exhaustive.

- CNC selling benefit for subsequent fresh position on T Day will be available up to 80% of sell value.
- Peak Margin obligation will be there if client does intraday trading.
- Peak/EOD Margin obligation will be there if client sell stock during the day and take other position during the day and then buy back same stock before market close.
- If any stock release from Broker's pool / CUSA/CUSPA to client's DMAT A/c, if there is any margin requirement and client is not initiated Margin pledge client is not having sufficient reportable balance (Collateral pledge +Ledger) then there will be Peak/EOD Margin Shortfall.
- Stocks for which payout has not been received will be available for selling/lending on trading platforms, however there are chances of payout short from exchange and shares may not receive which you have sold /lent in expectation of shares to be received. So, selling of these shares may lead to auction and penalties may be charged to client.
- As per the Circular NSE/INSP/64315, penalty levied by clearing corporations of short/non-collection of upfront margins will be passed on to client if short/non collection of upfront margins is on account of following reasons attributable to client (Implemented w.e.f.01-Nov-2024 onwards):
    i. Cheque issued by client to member is dishonored.
    ii. Increase in margins on account of change in hedge position by client/ expiry of some leg(s) of the hedge positions of the clients

  For point no (ii) above, any contrastive position created to safeguard losses in the portfolio during market volatility is a hedge position. Margin may Increase due to change/close in hedge position (s) of the client or Expiry of some leg(s) of the hedge position of the client. In case client does not have sufficient reportable balance (Collateral pledge +Ledger) then there will be Peak/EOD Margin Shortfall and penalty of peak /EOD margin shortfall will be levied to client. In a broader framework, some of the potential reason where margin gets increased are given below. Below list is not exhaustive

    - Increase in Margin due to change in client's hedge position
    - Increase in margin due to close of some leg(s) of client's position.
    - Increase in margin due to expiry of some leg(s) of client's hedge position
    - Increase in Margin due to loss of cross margin benefits like square off by the clients etc.

  Below are given some possible scenarios for your reference where lesser margin obligation will be there due to hedge benefit is being provided to client. Change/close of some position(s) or expiry of some leg (s) may result in hedge break, leading to higher margin obligation on the open position (s). Below list is not exhaustive

    - Hedge Position Created in Different expiry (Two or more) of same Underlying
    - Hedge Position Created in Different strikes (Two or more) of same Underlying
    - Hedge Position Created in Different contract (Two or more) of same Underlying
    - Hedge Position Created in Different contract (Two or more) of different corelated Underlying (Two or more).
    - Hedge Position Created in Different contract (Two or more) of Index and its constituents
    - Hedge Position Created in Different contract (Two or more) of two or more different Indexes having common constituents
    - Benefit of Negative Option Value in other position of client's portfolio.

Policy for Clients opted ASBA facility

Policy for ASBA Registration & De-Registration

ASBA Registration

- **Client eligible post satisfy following points:**
  1. Client must be Individual & HUF.
  2. Clients having only CASH / Mutual Fund Segments rights only.
  3. Clients having UCC in Equity derivative or Currency derivative or Commodity derivative or SLBS segment, will not be allowed for ASBA registration. So deactivation is required before registration for ASBA.
  4. Client must be registered with DDPI/POA.
  5. Client will not have MTF facility.
  6. Client's ledger balance should be Zero or it should be in credit.
  7. There should not be any Open position in derivative.
- **Process:**
  1. Client can register ASBA facility through Trade Mobi only.
  2. On click on ASBA Registration option, Client will be re-directed for ASBA registration page. OTP will be generated & send on client's Registered Mobile/Email ID.
  3. Client needs to verify the OTP
  4. Requests received up to 1.00 pm will be considered for processing on the same day, and request received after 1 PM, will be processed on the next working day.
  5. After receiving requests for the ASBA facility, the client will not be able to trade till the time ASBA activation is not done by clearing corporation.
  6. Client will receive Email Communication for ASBA Registration.
  7. Client can't change request / place any further request till earlier request is not executed.

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ASBA –De-Registration

- **Process:**
  1. De-Registration will be allowed if clients have Active ASBA facility
  2. Client needs to place request through Trade Mobi only on De-Registration option.
  3. OTP will be generated, and clients need to verify
  4. If any client is having Active Mandate (Unused amount of block) then also deregistration will not be allowed.
  5. Requests received up to 1.00 pm will be considered for processing on the same day, and requests received after 1 PM, will be processed on the next working day.
  6. Client will receive Email Communication for ASBA De-Registration.
  7. Client can't change request / place any further request till earlier request is not executed.

Risk Management Policy

1. Limit will be available as per Unused Block Amount reduced by ledger debit (if any).
2. Limit will be available up to 97% of Point No 1 above.
3. Limit on Collateral pledged (approved/unapproved) will not be available for ASBA active clients.
4. Buying in Cash segment will be allowed on 100% Margin
5. Limit will not be allowed on Credit for sale (on Stock sold)
6. Fund transfers from Mobile and Exe will not be available for ASBA client.
7. Fund Block done during the day will be shown in Pay-in Column
8. Unused amount of valid block created earlier will be shown in Cash Margin column
9. Unblock amount will be updated in Cash Margin / Notional Column at time of request done by client. Same will be processed at EOD
10. If any credit in client normal ledger, client will be able to mark payout through a separate control provide for marking payout. Payout can be marked up to the amount of normal ledger reduced by all provisional charges.
11. Ageing based square-off will not be done for ASBA client even if there is debit in normal ledger.
12. Clients will be blocked for fresh trading in case of Ageing of T+5 day and more.

Accounting and Banking policy

1. After activating ASBA mode, client must have to transfer/block fund through ASBA only.
2. In case client has transferred fund through any other mode apart from ASBA block creation, then we will release payout on client's request or on settlement day. The fund will be released after collecting of all the pending charges. The fund transferred in broker's bank account will used only for recovering charges.
3. In case of short collection of charges through ASBA mode we will debit the client ledger from the short collection.
4. One primary bank account needs to be provided which will be used by CC for payout transactions. Other bank accounts can be used to create block via UPI. Any funds pay-out due to the clients using the Facility shall be provided by the CC directly in the primary bank of the client, as maintained in the UCC database.

5. Block can be created from the banks approved as per the clearing corporation, as of now only three banks are there in approved list. This List may change as per the clearing corporation's approved list. Current List of Approved Bank are given below
   a. ICICI Bank
   b. HDFC Bank
   c. Yes Bank
6. PAN shall be mandatory for availing the facility. Exchanges vide UPI/NPCI shall verify that the permanent account number (PAN) maintained in the UCC database with the PAN of the first holder with the bank where the clients account is held (for primary as well as additional accounts). Exchanges shall similarly verify the PAN maintained in the UCC database with the PAN of the first holder in the demat account with the depositories. Only after successful validation of both Bank and Demat accounts, will the client be allowed to avail the said Facility.
7. In case the CC receives a block from non-registered accounts or otherwise not meeting the required conditions (e.g., bank exposure limit of CC being breached), such block shall be released by the CC and not added to the collateral. The CC shall intimate the TM and CM of the TM regarding such release.
8. TM charges applicable for a client for a given day will be calculated and adjusted from pay-out due to the client or debited from UPI block to the extent of availability. In case of such charges exceeding the pay-out for the client and/or available UPI blocking after debit of settlement obligations, there will be no devolvement of such dues to the CM of the TM, unlike the case of regular pay-in obligations. However, the same will be reflected in funds shortage amount for the client and the same may be recovered any time in future, except de-registration of client, change of CM by TM, change of CC by CM etc.
9. TM Charges can be recovered up to Charges defined by trading member time to time to clearing corporation in case where actual charges were not reported to Clearing Corporation.
10. Security Transaction Tax and Stamp Duty will be debited by clearing corporation from available UPI block amount given by client or client sale proceed as per the percentage defined by government time to time.

Enhanced Obligations and Responsibilities:

Risk Management Committee:

The Risk Management Committee is Board nominated committee consisting of various Team head including Operations/RMS and Information Technology.

The implementation of strong and effective risk management and controls within the organization promotes stability throughout the entire financial system. Specifically, internal risk management controls provide five important functions:

- to protect the firm against market, credit, liquidity, operational, KYC, Technology and legal risks. The company has a separate policy for adhering to the Risks arising in the Company.
- to protect the financial industry from systemic risk.
- to protect the firm's customers from large non-market related losses (e.g., firm failure, misappropriation, fraud, etc.).
- to protect the firm and its franchise from suffering adversely from reputational risk.
- if any risk is identified or occurs a thorough root cause analysis will be made and steps to prevent will be shared with the relevant department. The company will ensure such risk shall not reoccurrence in the future.

The importance of effective risk management and controls in protecting against serious and unanticipated loss is perhaps best illustrated where risk management and controls broke down or were not properly implemented. To avoid suck risks and to survive in this competitive environment, the Company itself maintains Risk Management system follow up regular basis at the separate client level activities.

RISK MANAGEMENT POLICY OF ABSOLUTE BROKING PRIVATE LIMITED

To protect the capital & interest of the company for good self, the risk of the daily business is ascertained regularly by the organization.

The risk management committee is led by Mr. Karthikeyan Devaraj (Director). Responsibility includes overseeing the deployment of the Risk Management framework and procedures. The primary role will be to ensure that the Company achieves its objectives of timely anticipation of risks and opportunities and a cohesive and consistent response through the active involvement of process owners. They will review risks, by timely meetings, comprehensive discussions at respective departments, effective escalation, regular monitoring of risks, implementation of the risk management framework, and the various risks faced by the organization.

Risk Reporting:

The Board of Directors of the Company shall periodically review and evaluate the risk management system of the Company so that the management controls the risks through properly defined procedures.

Head of Departments or such other authorized persons by Board shall be responsible for implementation of the risk management system as may be applicable to their respective areas of functioning and report to the Board / Audit/ Risk Management Committee, as the case may be.

Every Head of Departments or such other authorized persons by Board shall also give details regarding any apparent risk and prospective opportunities relating to their departments on periodic basis to the Board.

Significant risks include those risks that have a high likelihood or significant impact i.e., having risk exposure or where there is limited ability for mitigation by the Company. These risks are identified and assessed based on the Company's expertise, judgement and knowledge.

Organization follows an automated Risk Management System and compliance processes like margin computation, exposure provided to clients vis-à-vis their collaterals with exchanges/ CCs, periodic submissions etc.

Senior management shall actively promote risk awareness and risk management practices, including providing appropriate training to all associates, incentivizing them to identify risk, and providing appropriate recognition when they do.

Review:

The Risk Management policy framework shall be reviewed and placed before the Risk Management Committee on a half- yearly basis to incorporate the changes, if any, made by SEBI, Exchange or any other regulators or to incorporate the changes necessitated due to changes in the market condition or to strengthen the internal control or for such other reason as deemed fit.