



Stockology

Stockology Securities Private Limited

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**R M S POLICY FOR EQUITIES,
FUTURE & OPTION**

RISK MANAGEMENT POLICY Of Stockology Securities



Introduction

Stockology Securities is a SEBI registered Stock Broker. 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 Stockology Securities 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 alias is: :- 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.

Setting up client's Margin Limits

- The value of the "multiple" and the "haircut" shall be decided by Stockology Securities based on market volatility and quality of collaterals.
- **Margin Limit for F&O:** Stockology Securities provides margin limit in F&O 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 favor of Stockology Securities) after appropriate haircut.
- **Client-wise differential limits:** Stockology Securities shall have the prerogative to allow differential limits in Cash, F&O from client to client, depending upon credit worthiness and past conduct of each client or any other criteria which stockology Securities may find suitable.

Stockology Securities Discretions on limits:

1. Stockology Securities 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.

2. Stockology Securities shall not be able to inform the client of such variation, reduction or imposition in advance. 3. Stockology Securities shall not be responsible for client's inability to execute any order on account of any such

variation, reduction or imposition of limits.

4. 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, Stockology Securities 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.

Penny/ illiquid Stocks are traded at relatively low price and market capitalization. Stockology Securities 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 Stockology Securities are extremely volatile or subject to Market manipulation.

6. 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 client's positions, without giving notice to the client, on account of non-payment of client's dues (This shall be limited to the extent of settlement / margin obligation)

1. Stockology Securities 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:

1. In case of unpaid obligation (Capital Market) on T+1, Stockology Securities may sell the unpaid/ partially paid securities. In addition, Stockology Securities 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.

2. In case of unpaid MTM obligation of derivative segments on T+1, Stockology Securities may close the position

or/and sell client's securities (Unpaid Securities / paid Securities / collaterals deposited by the client towards margins).

3. Further Stockology Securities shall also have rights to Invoke Pledge Securities/ Mutual Funds Units with/without prior intimation to fulfill client's unpaid settlement / margin obligation.
4. Stockology Securities 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 Derivative Segment.

1. Positions of the client may be closed out to the extent of margin shortfall on the T+1 basis /Real time monitoring basis.
2. While computing margin shortfall, value of unapproved securities shall not be considered.
3. As per the Exchange requirements, the Stockology Securities is required to maintain a prescribed ratio between cash and collaterals margin deposited with the Exchange. Stockology Securities 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.Intra-day positions:

1. Stockology Securities 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).
2. Stockology Securities may apply an internal price band that is more stringent than the exchanges defined daily price band, applicable exclusively to the cash segment. At present, this internal threshold is set as flat 2% lower than the exchange-defined daily price band (in percentage terms).
3. Upon breach of this threshold, Stockology Securities reserves the right, at its sole discretion, to close-out intra-day positions in Non-F&O scrips, however, it is under no obligation to carry out such action.
4. 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 against debit comes down to 15% or below 15% then position /securities of client may be closed/sold on a real-time basis.

D. Stock Derivative Contracts settled through Physical delivery:

- 1.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.
- 2.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 Stockology Securities may close the position.
3. In case of short position (Call Short/Future Short/Put Long) in stock derivative where delivery payin 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).
4. 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.

General: -

- 1.Stockology Securities 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.
2. While selling the securities/ closing the client positions, Stockology Securities may not take into consideration Cheques showing unrealized although deposited by the client with Stockology Securities until Client proceeds of such amount through internet banking or any mode which update instant like UPI/RTGS/NEFT are received by Stockology Securities in its bank account. For this purposes Demand Draft / Pay order will not be taken into consideration.
3. Stockology Securities 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.
4. Stockology Securities shall have the right to sell clients securities in case of Ageing of debit and margin shortfall in the client account.
5. Stockology Securities shall not be responsible for any losses and penalties / charges levied by exchanges(s) caused on such square off.
6. Stockology Securities 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.



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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:

1. Client is not having adequate margins as per conditions in Risk Management policy.
2. 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 Stockology Securities.
3. Clear proceeds of the cheque deposited by the client to meet the pay-in obligations have not yet been received by Stockology Securities.
4. Client is trading in "illiquid" scrips and volumes in his account exceed internal cut off limit fixed by Stockology Securities.
5. Stockology Securities exposure at "house level" in a specific security / contract exceeds the internal limits fixed by Stockology Securities.

B. Derivative Segment

1. The client has not made payment for Market-to-Market loss in Ledger.
2. The "open" positions in a contract exceeded or are close to market wide cut off limits or client wise permissible positions by exchange.
- S3. Stockology Securities 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, 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 contracts through Stockology Securities itself. Stockology Securities shall not be under any obligations to undertake this right compulsorily.
4. 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.
5. Securities Under F&O Ban (Circular Ref. No: 764/2025/Download Ref No: NSE/SURV/70553): **-Delta / FutEq Open Interest Methodology:** Open interest for futures and options positions shall be measured on a **delta-adjusted (Future Equivalent OI)** basis, reflecting true exposure by accounting for option price sensitivities. Please refer NSE circular for more clarity <https://nsearchives.nseindia.com/content/circulars/SURV70553.pdf>

6. During Ban Period: Clients may reduce or square-off positions, but **cannot increase delta-adjusted exposure**. Any increase may be deemed a violation and subject to penalties, if Delta increases than your square-off order may also get rejected in favor of client to avoid violation.

INTRA- DAY Positions:

1. Clients will not be able to place intra-day orders after a cut-off time fixed by Stockology Securities. (15 minutes prior to close of market).
2. If a scrip's last traded price (LTP) breaches the set threshold, any existing or new orders on the sell side in the case of a upper threshold breach or on the buy side in the case of a lower threshold breach shall be subject to cancellation or rejection.
3. Placement of sell side orders in the event of an upper threshold breach shall be permitted only if the LTP falls at least a specified percentage below the upper price limit. Similarly, buy side orders in the event of a lower threshold breach shall be permitted only if the LTP rises at least a specified percentage above the lower price limit or in the event of any updates or revisions to the daily price band by the exchanges. Currently, this threshold is set as 5% below the upper price limit or 5% above the lower price limit of the exchange-defined price limit.
4. Where based on a corporate / market event, Stockology Securities has the risk perception that further trading in the securities /contracts may not be allowed to its clients and/or the market.

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

- Stockology Securities 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 Stockology Securities 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.
- Stockology Securities may also suspend the account based on the written request received from the client.

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 on dedicated telephone no. ----- OR **Stockology**
b) By Trade Mobi App

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 Stockology Securities representative will attend the call. On receipt of request, Stockology Securities 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, Stockology Securities will do validation through 2 Factor Authentication. Accordingly, Stockology Securities 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
- Read and confirm Terms and Conditions
- Verify the details
- 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, Stockology Securities 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, Stockology Securities 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 are 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

Stockology Securities 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), Stockology Securities 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 unfreeze/ 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 Stockology Securities.

- The request for freezing/ blocking does not constitute request for marking client Unique Client Code (UCC) as inactive in the Exchange records.

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 is to be given as soon as margin calls are made by Stockology Securities 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 Stockology Securities, and the client
Total Margin (Initial + Exposure + Net Buy Premium) levied by exchange is to be collected on
will have time only till T+1 working day to provide such margins.

C. Commodity Derivative Segment: -

- an upfront basis.
- Other Margin and Mark to Market Losses are to be given as soon as margin calls are made by

Stockology Securities, 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 Stockology Securities, 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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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 clientsFor 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)



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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.

Fund 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.
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 Block done during the day will be shown in Pay-in Column
7. Unused amount of valid block created earlier will be shown in Cash Margin column
8. Unblock amount will be updated in Cash Margin / Notional Colum at time of request done by client. Same will be processed at EOD
9. If any credit in client normal ledger, client will be able to mark payout through a separate control provides for marking payout. Payout can be marked up to the amount of normal ledger reduced by all provisional charges.
10. Ageing based square-off will not be done for ASBA client even if there is debit in normal ledger.
11. Clients will be blocked for fresh trading in case of Ageing of T+5 day and more