

Risk Management Policy of Mangal keshav Financial Services LLP

BACKGROUND:

Mangal Keshav Financial Services LLP , A Trading Member Of NSE & BSE as per requirement of Exchange and SEBI ,the firm has designed Risk Management Surveillance Policy (RMS) for extending trading facility to its clients and in the respective segments of the exchanges.

RMS WORKS ON THE FOLLOWING CONCEPTS

- 1) **Cash :** The clear balance available in the client ledger account in our books.
- 2) **Margin:** The under lying stake provided by the client in form of pledged shares, cash, FDR or in other mode as permitted by SEBI regulation.
- 3) **Exposure:** The aggregate of the client's obligation arising out of buy + sell trades awaiting settlement in the Cash segment and profit /loss amounts that are yet to be settled on the closed positions.
- 4) **Exposure Multiple:** For Derivative segment the client is allowed exposure on the basis of available ledger credit and value of the stocks pledged (After applicable hair cut) on " T "day against which client can create margin of the same value.
In case of cash segment 20% upfront margin needed ,as per available ledger credit balance and value of pledged shares (After applicable hair cut) and value of shares sold for which early pay in has been done on T+ 1 day itself.
- 5) **Stock Qualifying for margin in cash/F&O/in other segment:** Securities in the approved list of stock exchanges as per SEBI guidelines.
- 6) **Total deposit:** The aggregate of client deposit available with us in the form of cash , pledged shares(After applicable hair cut) and FDR.
- 7) **Upfront Margin:** Clients ledger credit balance and value of pledged shares after applicable haircut before undertaking any trade both in the cash & F&O segment.

POLICIES AND PROCEDURES UNDER RMS

POLICIES & PROCEDURES

In pursuance to the SEBI circular Ref MIRSD/SE/CIR-19/2009 dated 03.12.2009 various policies and procedures followed by Mangal Keshav Financial Services LLP (MKFS LLP) are stated below under appropriate headings

A. Refusal of orders for penny stock:

MKFS LLP shall have the 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 having low liquidity, illiquid "options", far month "options", writing of "options", stocks quoting below Rs.10/- stocks in S, Z and B2 category and any other contracts which in MKFS LLP's perception are extremely volatile or may possibly be subject to market manipulation.

MKFS LLP 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. MKFS LLP shall not be responsible for any delay or failure in execution of such orders and any consequential opportunity loss or financial loss to the client.

MKFS LLP may at its absolute discretion cancel orders in such scrips received from clients before execution or after partial execution without assigning any reasons therefor. MKFS LLP may take appropriate declarations from the clients before accepting such orders.

MKFS LLP 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 MKFS LLP itself.

B. Setting up Clients Exposure limits:

The client is liable to pay applicable initial margins, exposure margins, special margins, var margins and such other margins as are considered necessary by MKFS LLP or the Exchange or as may be directed by SEBI from time to time as applicable to the segment(s) in which the client trades. MKFS LLP in its sole and absolute direction may collect additional margin (even though not required by the Exchange, Clearing House / Clearing Corporation or SEBI) and the client shall be obliged to pay such margins within the stipulated time.

Payment of margins by the client does not necessarily imply complete satisfaction of all dues. In spite of consistently having paid margins, the client may, on the closing of its trade, be obliged to pay (or entitled to receive) such further sums as the contract may dictate / require.

Subject to the client meeting the margin obligations, MKFS LLP will normally give the exposure, equivalent to a pre-determined multiple/times of the net credit

balance in the ledgers (across all segments), and the value of the collaterals given by the client (after applying appropriate hair cut). The level of exposure granted to the client will also depend on the track record of the client and/or market conditions and/or regulatory directives. The client agrees to abide by exposures norms decided by MKFS LLP from time to time.

The client understands and agrees that the client cannot claim any minimum level of exposure, as a matter of right.

The client agrees that, MKFS LLP has the discretion to decide the stocks which can be provided as margin/collateral. In case of shares given as margin/collateral by the client, MKFS LLP has the right to apply appropriate hair cut, at their sole discretion, while arriving at the value of the collateral shares.

The valuation of the shares given as margin / collateral will depend on the shares offered and/or market conditions and/or the track record of the client's dealings with MKFS LLP. The client will not have any objection on the hair-cut percentage decided by MKFS LLP, from time to time. The client understands and agrees to the same.

The client understands and agrees that, under normal market situations, the previous day's closing price will be taken as the base price for arriving at the value of the securities and the same will be done on a continuous basis. However, during volatile market conditions, MKFS LLP has the discretion to change the valuation method while arriving at the value of the shares given as margin/collateral.

However MKFS LLP reserves the right, at its sole discretion, to modify the level of exposure to be given to a particular client and/or change the method of calculating the exposure, without giving any advance notice to the client. The client understands and agrees to the same.

The client understands and agrees that the level of exposures, granted by MKFS LLP, may vary from client to client and the client will not question the same.

In case MKFS LLP changes the exposure policy, the same would be intimated to the concerned branches / subbrokers. The client also agrees to get in touch with the concerned branch / subbroker, on a daily basis, to keep track of any such changes.

The client also agrees to abide by the exposure limits, if any, set by the MKFS LLP or by the Exchanges / Clearing Corporation or SEBI from time to time.

C. Brokerage, Statutory Levies & other charges:

Brokerage shall be applied as per the rates agreed upon with the client in the KYC executed at the time of registration of the client and any modifications made subsequently through a written communications between the client and MKFS LLP. The client agrees to

pay to MKFS LLP brokerage and statutory levies as are prevailing from time to time and as they apply to the client's account transactions and to the services that MKFS LLP renders to the client. MKFS LLP agrees that it shall not charge brokerage more than the maximum brokerage permissible as per the rules, regulations and bye-laws of the relevant Stock Exchange/SEBI.

Statutory LEVIES and Other Charges

An indicative list of statutory levies and other charges that would be levied to the client is given below

- Service Tax (ST) will be charged at rate prevailing from time to time on total value of brokerage.
 - Securities Transaction Tax (STT) at rate prevailing from time to time on the turnover
 - SEBI turnover charges at rate prevailing from time to time on the turnover.
 - Transaction Charges (BSE /NSE) will be charged at rate prevailing from time to time on the turnover.
 - Applicable Stamp Duty charges as per transaction (delivery and non-delivery) would be levied on turnover.
 - Delayed Payment charges not exceeding 2% per month.
 - Penalties levied by Exchange in relation to the action / trades of the client
 - Statutory charges payable to Exchange/SEBI/Govt. Authorities etc.,
 - SEBI / Exchange/Clearing Member Turnover charges
- In addition to the above if the client has also availed the demat services of MKFS LLP, the client would also have to pay the following charges, the details of which have also been provided in the tariff sheet enclosed to the Client registration form:
- DP Account documentation charges
 - DP Annual maintenance charges
 - DP Transaction charges / Pledge / Re-pledge / Demat / Remat charges
 - DP Inter settlement charges, etc.

D. Imposition of penalty/delayed payment charges payable by client:

In the event that any amount is overdue from me/us towards trading either in the cash or derivative segments or on account of any other reason to MKFS LLP, from time to time the client shall be charged delayed payment charges at the rate of 2% per month or such other rate as may be determined by MKFS LLP. the client also authorizes MKFS LLP to directly debit such charges to client's account at the end of each month. The client also authorizes MKFS LLP to debit charges for depository services to the client's trading account. The client also agrees that any amount overdue from the client (including the delayed payment charges) shall be adjusted by MKFS LLP from the dues owed to the client by MKFS LLP or conversely, any money owed by MKFS LLP to the client shall be offset against the dues owed by the client to MKFS LLP. Delay payment charges shall not be treated as funding by MKFS LLP

Penalties levied by Exchanges:

Exchanges may levy various penalties on the member

brokers on auction resulting from short deliveries, non adherence to client-wise exposure limits, client-wise shortfall in F&O Margin and for other reasons defined by the Exchange from time to time. MKFS LLP is therefore authorized by the client to pass on any penalty imposed by the Exchange/SEBI and or any other regulatory authority to the client, which arises on account of the client.

E. MKFS LLP right to sell clients' securities or close clients' positions, without giving notice to the client, on account of non-payment of client's dues :

The client agrees and undertakes that it shall settle the transactions, within the settlement time specified by the Exchange, by making the requisite payment and/or delivery of the shares.

In case the client fails to settle the transactions within the settlement date, then MKFS LLP has the discretion to square off the open positions, at an appropriate time, as it deems fit, without any notice to the clients. That the client does not have the right to decide on the timing or the open positions that need to be closed. The client understands and agrees and undertakes that it will not hold MKFS LLP responsible for any loss or damages arising out of such square offs.

After square offs of open position by MKFS LLP, as mentioned above, if there is a debit balance, the client shall pay the same immediately. However, if the client does not clear off the debit balance, MKFS LLP shall have the right to liquidate the shares of the client (kept as collateral/margin) to the extent of the debit balance, without any intimation to the client. The client also agrees that it does not have the right to decide on the timing of such liquidation of collateral/margin shares and the shares that need to be sold. The client undertakes that it will not hold MKFS LLP responsible for any loss or damages arising out of such selling

Without prejudice to MKFS LLP's other rights (including the right to refer a matter to arbitration), MKFS LLP shall be entitled to liquidate/close out all or any of the client's positions for non-payment of margins or other amounts, outstanding debts, etc. and adjust the proceeds of such liquidation / close out, if any, against the client's liabilities/ obligations. Any and all losses and financial charges on account of such liquidation/closing-out shall be charged to and borne by the client.

F. Internal Shortages and Close Out of Shares :

1. In case any person buy shares in a settlement and sells it in next settlement or before receiving pay out from the exchange, then it will be the responsibility of the client to bear any auction or close out in case the shares are not received on pay out.
2. In case shares sold by a client are not delivered by him and the shares are purchased by any other client of the company resulting in internal shortage, the same will be closed out as per the auction of the relevant settlement in the Exchange or as per the prevalent policy i.e. @ 1 % above the highest of the Sell price of the seller or buy price of the buyer or closing price of

the buyer or auction price as per the Exchange.

3. Similarly, the client who had bought the shares and is supposed to receive shares will be given credit for such shares at the rate so arrived at.

G. Conditions under which a client may not be allowed to take further position or the broker may close the existing position of a client:

Under circumstances, such as the, client's failure to meet pay-in or margin obligations or clearance of outstanding/debit balance with MKFS LLP within permissible time limit or beyond such period as may be allowed by MKFS LLP as per its RMS policy. The Client may not be permitted to take any fresh or further position until the full clearance of earlier dues, obligation, outstanding etc. MKFS LLP can firstly setoff or adjust the payment or securities towards various dues and obligation of the client and until the full clearance of the same, may not allow the client to take further / fresh position. Further, it would be the duty of the client to monitor his/her/its position with MKFS LLP from time to time. In case of any delay or failure in meeting any obligation, margin requirements etc. from client side, MKFS LLP may at its absolute discretion close the existing position or open position WITHOUT ANY FURTHER INTIMATION to the client. Such circumstances may include (but not limited to):

- (i) Failure to meet pay-in obligation on T+2 day,
- (ii) Delay in meeting the pay-in or margin requirement,
- (iii) Delay or failure in clearance of outstanding or dues to the broker,
- (iv) Dishonor or frequent returning of cheques of the client,
- (v) As per the RMS policy of the Broker,
- (vi) Any direction from SEBI/Exchange or other statutory, governmental or regulatory authorities,
- (vii) Under such other circumstances as MKFS LLP may think just and proper on case to case basis

H. Temporarily suspending or closing a client's account at the client's request:

MKFS LLP may carry out a periodic review of the client's accounts and may suspend the trading rights of any client in the following circumstances:

- Where the client has not cleared the naked or uncovered debits which are more than 7 days old.
- Excessive speculations by the client
- Physical contract notes are received back undelivered due to reasons like "no such person", "addressee" left, refusal to accept mails, POD's signed by the third persons, signature mismatch on POD's or any other circumstances which may create reasonable suspicion about the bonafides of the client or its transactions.
- ECN failed (Bounced email) on more than 3 instances
- Non delivery of the Statement of Account sent on periodic basis.
- Non updation of communications details viz., email id, Mobile no, Land line details or it is found to be belonging to a third person.
- Client lodges a complaint either directly with MKFS

LLP or through Exchange relating alleged unauthorized Trades being executed in the account. (account will be temporarily suspended pending investigation)

- On receipt of notices from statutory, Government or Local authorities and Income Tax, Service Tax, a Judicial or a Quasi Judicial authority, etc
- Where a client is reported to or as known to have expired.

MKFS LLP may also suspend the account based on the written request received from the client. The client requests in the letter to remit funds out of the clear credit balance to their account.

If client wants to trade again in the future written request is taken from the client to re-open the account along with all required formalities of CRF.

I. Deregistering a client:

- Action is initiated by SEBI/NSE/BSE against the client or client included in the list of debarred entities published by SEBI.
- 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.,
- In addition to the above if any of the events mentioned under "Temporary suspension by MKFS LLP", MKFS LLP reserves the right to de-register the client without further intimation.

J Disclosure of Proprietary Trades of MKFS LLP

- MKFS LLP has disclosed that it only undertakes clientele business and does not undertake any proprietary trades in its own account.

K Non Acceptance of Cash Receipts and Payments

- MKFS LLP has disclosed that receipts from clients would be only by cheque / RTGS fund transfers / demand drafts / pay order only in the name of Mangal Keshav Financial Services LLP.

L. Treatment of Inactive Account

Any client who has not traded for last 365 days in any segment of any Exchange with MKFS LLP then that client code will be made Inactive and will be kept in dormant mode. Trades in Dormant account are verified by MKFS LLP through Client Confirmation by way of letter or telephone calls or payment made / received for the transaction. After the client is made Inactive his / her / its funds and securities if any available with MKFS LLP will be settled at the end of the quarter in which his/her/its trading account is made Inactive.

Note :

These Policies and Procedures may be amended / changed unilaterally by the member to meet the regulatory norms / directives as amended from time to time. These Policies and Procedures shall always be read together with this KYC and shall be mandatorily referred while deciding any complaint / claim / dispute between the Client and the Member before any Court of Law / Judicial / Adjudicating Authority including but not limiting to an arbitrator / mediator etc.