

ASHISH VAID

Member: National Stock Exchange of India Limited SEBI Regn. No. INZ000261612

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RMS POLICY

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

- a) **RMS:** RMS means Risk Management system. Risk management is to manage risk of company and clients from volatility of capital market/Currency/Commodity Market.
- b) **Adjusted Ledger Balance:** Adjusted Ledger balance means clear balance in client's ledger account in company's books. For example, proceeds of shares sold but not delivered will be reversed if credited in the ledger and debited Var Margin will be ignored.
- c) **Securities in On-Behalf:** Securities in on-behalf means the securities of the client lying in the Company's pool account. Securities given by the client in margin and securities held by the Company till full payment is received are kept in On-behalf.
- d) **Securities in Margin:** Securities in margin means those securities which are approved for this purpose by the Exchange given by the Client to the Company to meet his margin obligations in F&O segment. These are transferred by clients to the Company and may further be pledged by the Company to the Exchange towards the Company's margin obligations for the client.
- e) **Exposure of client:** Exposure of Client means a client's obligation arising out of (i) Buy and Sale entered into on behalf of the client in cash segment which are yet to be settled and (ii) open position in F O segment.
- f) **Total Deposit:** Total Deposit means aggregate of ledger balance, value of securities after hair cut in on behalf, value of Securities after hair cut in margin and cash margin, if any, received from the client.
- g) **VAR:** Var menas the percentage of hair cut/margin fixed from time to time for different securities. It is fixed on various considerations like average volume traded, Volatility, Exchange Var, Impact cost etc. of particular scrip.
- h) **Concentration:** Concentration means the number of each scrip arrived at application of the percentage fixed by the Company from time to time on the basis of average daily volume of trade on the exchange in that scrip during the last 30 Days.

2. Transaction offered to clients:

- a) **Intraday trades:** Intraday transactions are, sale – Purchase in any scrip which are reversed by contra transaction of Purchase- Sale in the same scrip and in the same quantity, so that net quantity carried is NIL on a particular trading day.
- b) **Delivery Trades:** This is net Purchase or Sale of a particular scrip in client's account which is settled by Delivery on T+2 Days.
- c) In case of sale transactions client has to give securities to company in demat form before pay- in, else he will bear auction debit.
- d) **Sell Against unsettled Buying:** This is sale against unsettled buying in particular scrip. Under this kind of transaction, a client can buy particular scrip in particular quantity on day one and can sell the same scrip in same quantity on the immediately next trading day.

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

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

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

Example:

A client with following position intends to trade

Particulars	Amount in
Ledger balance Credit	50,000
Margin Shares before hair cut	100,000
Margin Shares after hair cut (Var Margin 20%)	80,000
Total deposit (50000+80000)	130,000

Suppose the client wants to buy XUZ Ltd. on which Var margin is 20%, then he can take position of upto Rs.6,50,000 as Margin on this position is Rs.1,30,000 (650000*20%). However, he has to make payment of the remaining amount i.e. Rs.650,000-50,000=600,000 before T+2 Days.

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

The Trading Member (TM) shall have to report the margin collected from each client, as at EOD and peak margin collected during the day, in the following manner:

a) EOD margin obligation of the client shall be compared with the respective client margin available with the TM at EOD.

AND

b) Peak margin obligation of the client, across the snapshots, shall be compared with respective client peak margin available with the TM during the day.

Higher of the shortfall in collection of the margin obligations at (a) and (b) above, shall be considered for levying of penalty as per the extant framework.