

Risk management policy (RMS)

Risk Management function is a centralized operation. It is the sole responsibility of the RMS team to measure and manage the risk. The RMS Process flow comprises following important stages.

End of Day processes:

- The end of day processes of Transaction processing system at Prudent is centralized.
- The EOD process updates the positions of clients using the trade and position files received from the exchanges.
- Funds received from clients are updated based on actual entry in back office systems.
- Mark to Market of all Stock and Derivative positions is carried out and SPAN plus EXPOSURE based margins are applied to derivatives positions based on the latest risk margin file received from exchange.

Intraday RMS Processes:

- Intraday facility is extra facility provided by company under that client gets additional limit than available in regular case.
- Intraday position will square-off if client MTM hits its 70-80% based on his set margin(including clear ledger + eligible stock given as margin pledge after respective haircut).
- Positions created under Intraday Product would be subject to either client himself squaring off (if done online) OR dealer based square off OR MTM Loss @ 80% of Total Deposit (Clear Ledger + margin pledge stock on BOD after Haircut) - Risk Square off OR Time Based Square off.
- Client cannot Carry Forward any positions in Intraday Product, and if want to carry forward same will be subject margin(Clear ledger balance +margin pledge stock on BOD after haircut).
- All pending orders unexecuted / partial orders will be cancelled as per intraday product features.
- No fresh orders will be accepted in Intraday after Time based square off is executed.
- Square off Times will be as under for the following exchanges
(Cash & FO: 3.15 PM) (Commodities segment: if market close at 11.55 pm then at 11.45 pm and if market close at 11.30 pm then at 11.15 pm)
- At MTM loss the position will be reduced on best effort basis and customer will be liable

for such losses.

- Client confirms that he is aware of the Intraday Product and its features and have clearly Understood the risks associated with Intraday Trading.
- Client understands that he/she is allowed a higher leverage in the Intraday Trading Facility as compared to trades in the regular market positions and, therefore, while the opportunity for making profits on the investment is magnified, the risk of loss would also be enlarged correspondingly.
 - Client agree and accept that he/she will not hold Prudent Broking Services Pvt. Ltd , their directors, officers or employees liable for any loss that may sustain as a consequence of availing of this facility. All terms and conditions of the agreement that are executed shall remain effective and in force in all respect until terminated in terms thereof.

Limits Parameter:

Particulars	Parameter
Default Limit	Zero
Intraday Limit Cash segment Derivatives Segment	Up to 4 times on available margin in CASH segment(based on clear ledger & margin pledge stock after haircut as per PRUDENT BROKING SERVICES PVT LTD. eligible scrip list) and in Future &Option segment(based on clear ledger & margin pledge stock after haircut as per PRUDENT BROKING SERVICES PVT LTD. eligible scrip list)
Carry Over Limit Cash segment Derivatives Segment	Upfront margin based on(VAR+ELM) in cash segment on T-day on exchange eligible script in CASH &Derivatives segment.

Limits in case of Margin Funding clients	1.25 cr per client as decided by management
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Further exception limit approval will be bases on management decision.

Requirement of Margin:

- Eligible securities given as a pledge will be accepted as margin. Stock list will change from time to time.
- A client has to provide upfront margin(VAR+ELM) in the form of either cash or stocks as a margin pledge and is valued after appropriate haircut.
- For every fresh position that the client wish to take, the client has to have sufficient upfront margin(VAR+ELM) available in his account. The margin requirement for any trade depends upon margin available(clear ledger plus margin pledge stock after hair-cut) in beginning of day
- Intraday additional margin levy, profit or loss incurred during the day, running loss / notional loss, is also accounted for by the system for the purpose of margin availability calculations.
- The margin requirement imposed by the Exchange is subject to change as may be decided by Exchange from time to time. Client is required to maintain minimum margin to the extent of MG13 report for every segment. Further based on the assessment of market volatility, member reserves the right to levy additional margin which is over and above the exchange defined margins.

Ageing Debit Square off (T6):

- It is client’s obligation to clear his/her outstanding dues by T+2 (T indicates Trading day). The client shall ensure timely provision of funds / securities to Prudent Broking Ltd so as to meet exchange obligations. Prudent reserves the right to close the positions / sell securities to the extent of ledger debit and /or to the extent of margin obligations.
- Selling will be done in clients account on T6 days for the ledger debit which is more than T5 days on ageing basis. For e.g: All trades executed on Monday will be squared off on next Tuesday (T6) where "T" indicates Trading day. In other words, if funds are not received or stock not sold on T5, Prudent shall liquidate securities to the extent of ledger debit.
- Intimation SMS/email will go on T5 day (for regular client amt rs 5000 & above and client who don't have POA & demat with us for that total ageing days debit

till zero rupees) .

- In case of market volatility RMS has rights to liquidate stock as per requirement without prior notice to client.
- If client does not clear debit by 5th day by giving funds or selling off securities, then RMS will not allow further exposure on T6 day . Stock selling slab will be for debit of rs 5000 & above (for those who is having POA with prudent) and total debit (for those who don't have POA with us & demat account is outside Prudent)

Liquidation cut off time:

Particulars	Parameter
Intraday (cash and derivatives)	At 3.15 time base square-off
Intraday (Commodities)	At 11.45 time base square-off
Margin Shortfall of previous day	Email and SMS intimation
Liquidation on T6	Will square-off from 10.00 am to 11.00 am

Dealing in restricted scripts:

- Scripts as mentioned below category will have restrictions as under:

Particulars
Trade to Trade
ASM / GSM / ASD
Illiquid Script
SME stocks
NRI restrictions
Scripts in circuit filter
New listed stock
Derivatives stock reaching market wide open interest limits

Prudent Broking Services Private Limited
Risk Management Team