A C CHOKSI SHARE BROKERS PRIVATE LIMITED

CIN : U67120MH1997PTC112510
Member : BSE , NSE (SEBI REGN : INZ000198136) Member : CDSL (SEBIT Regn : IN-DP-104-2015)

Update : Varsha Vichare	Review : Mr. Bimal A. Choksi	Revision : Mr. Ashvin C. Choksi
Authorized by : Board of Directors	CEO	Principal Officer

RMS POLICY FOR CASH AND DERIVATIVE

To promote business and facilitate clients with secure and safe trading, we have introduced an RMS Policy with maximum exposure and minimum risk. This guidance is on minimum 20% and VAR Margin whichever is higher based terminology like the exchange policy and limit given by the exchanges. Which are widely accepted and sound practices in all over the globe.

The RMS policy is based on the Margin available of the client and limit set is on the client level. Any client registered with ACC will be given the limits universally as per available Margin of Individual client Account.

The combined exposure for Cash & derivative segment will be given on the Margin amount. Margin amount is calculated after considering of ledger balances + collateral (Pledge Value after haircut) + Cash Margin. Ledger balance is maintained as per the SEBI guidelines as segment wise.

Cash Segment.

- The exposure will be considered on Minimum 20% or VAR Margin whichever higher based methodology is. I.e. the VAR margin of all the scrip as set by exchange in daily basis will be implemented.
- The Exposure will be 1 time of the Margin amount available i.e. (Ledger + Collateral + Cash Margin).
- The Minimum MTM set will be 60% of the deposit.
- On MTM at 60% of deposit will be trigger for Risk mode and on 80% position will be squared up.

1. In case the debit is more than 2Days (i.e. T+4) then the limit will be blocked for buying. Selling can be done through delivery option upto 2.00pm after 2.00pm Stock will be sold to the extent of total debit balance from HO.

Illustration:

Deposit: 5000.00
Pledge Stock: 10000.00 before Hair Cut.
Pledge stock H.C value = 10000* 20% (Approx. H.C)=8000/-
Total Available margin value = 5000 + 8000 (10000*20%). = 13000/-
Exposure given will be of 13000 on VAR margin.
The position taken will also calculated on minimum 20% or VAR Margin whichever is higher with Normal product and Flat 20% margin will be blocked with Intraday product.
For Delivery 100% amount will be block from available margin.

Derivative Segment:

- The exposure will be considered on Span + Exposure margin-based methodology. I.e. the Span + Exposure margin of all the scrip as set by exchange in daily basis will be implemented.
- The exposure will be set as one(1) time of the margin available i.e. (Ledger Bal + Cash Margin + Pledge Value after h.c.
- The MTM Set will be 60% of the Margin Amount.
- In case of shortfall in open position margin has to be collected on same day and deposited in bank on T Day.
- In case on T+1 day cheque is not deposited then position will square up or reduced to extent of margin shortfall/MTM debit from HO.
- Fresh exposure will be given only on depositing an additional margin amount.
- Any Approved shares kept in Collateral (Pledged securities) will be considered after haircut of minimum 20% and VAR percentage whichever is higher.
- For withdrawal (unpledged of securities) of Collateral, the shares pledged as collateral will be unpledged on T+1 working day i.e. after 24Hours.

Illustration:
Deposit: 25000.00
Stock: 10000.00 (Pledge stock value)
Hair Cut: Var based (Approx 20%) so Deposit Value = 33000.00.
Exposure given will be of 33000.
The position taken will be calculated on SPAN+ Exposure margin and only this amount will be deducted from deposit for the FO positions.

<u>The limits setting in the TWS & CTCL system for trading are as follow.</u>

- The limits are setup after assessing the risks of the corresponding user ID and branch ID.

Deposit Amount: Total deposit amount considered as the limit and as and when the order is entered the VAR margin is deducted from the deposit amount.

Scrips Wise Limit: All the securities are individually set as maximum order entry of 20000qty and 50Lac as value. Further the BE, BT Z & T group securities can be bought to the extent of clear credit in ledger and sold if the shares are being transferred to Ben account/POA account.

- The limits are set up after considering the member's capital adequacy available.
- All Intraday position will be system auto square up by 3.15PM.

Capital Adequacy: The capital is calculated on the available deposit + ledger balance + Pledge securities for Margin.

- The limit is set as per capital available on daily basis for that day of a particular member and is revised as and when the balance varies. All the limits are reviewed regularly and the limits in the system are up to date.

- All the branch or users have got limits defined for single transaction quantity and Value.

MARGIN CALLS:

First Margin Call will be given as soon as the MTM Loss reaches 50 % of the **Total Available Margin** and client will be asked to submit fresh margin or reduce the positions and the client will be in square off mode until he provides fresh margin or his MTM comes below 40% of Free Balance.

Second Margin Call will be given when MTM Loss exceeds 65% of Available Clear Balance and if client does not bring in fresh margin or reduces his exposure himself before MTM reaches 80% of clear balance his positions will be squared off without further notice.

For this purpose calls to be made on registered Mobile No / emails sent to registered email addresses/ fax sent of registered fax no shall be treated as valid delivery of margin calls.

In case of Square off of the positions best efforts to be made to leave open positions to the extent that could ordinarily be carried forward as per Exchange norms on the available free balance after setting aside the MTM Loss for the day till 3.00 p.m.

While closing out, the positions with highest margin/highest MTM Loss will be closed out first.

In case any cheque returned dishonored or not deposited after commitment the client/sales person will be treated as defaulter and no future commitment will be accepted from him in future and limits will be allowed on the basis of available balance only.

However in case market value of outstanding stock less debit balance in the account remains less than 25% of debit balance client will not be allowed to wait till T+2 and asked to reduce the outstanding position or deposit fresh margin same day by 2.30 p.m. else proportionate position will be squared of same day by 3.15 p.m. by RMS. If client does not deposit fresh margin and or does not reduces himself outstanding position the same will be squared off as soon as market value of outstanding stocks less debit balance in accounts remains less than 15% of debit balance.

All the new listings in T 2 T settlement will be disabled for selling by default by the RMS department and only the clients who transfer their shares in advance to the pool account will be able to sell on the listing day.

Defaulter List shall be prepared and bought to the notice of Management on monthly basis. The Management reserves the right to remove any person form defaulter list in consultation with concerned Authority.

Payment control Report for debit recovery from the clients is made on daily basis and follow-up for the payment on regular basis done by RMS department.