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PROCEDURE FOR RISK MANAGEMENT & SURVEILLANCE DEPTT.

The objective of this process notes is to explain the Surveillance Process and systems used for Risk management by Surveillance Department. The key points are following:

Surveillance

- It is ensured that all the dealers have got valid NCFM/NISM/BCCD/BCSM Certification.
- Trading is done through NEAT/BOLT/TWS/CTCL/IML terminals. CTCL/IML terminals are mapped with GETS Admin that is provided to set margin limits for dealers.
- NEAT/BOLT/TWS access is restricted only to Branch Head, rest are having only CTCL/IML Ids.
- Trading limits for exposure/turnover is not granted any CTCL/IML Terminal, rather the limits are assigned to individual dealers/ clients on the basis of margins deposited by them.
- Margins are collected from clients at a rate which is equivalent to margins prescribed by NSE/BSE.
- Margins are collected in the form of Cheques, Exchange approved securities and Bank Fixed Deposit. In case of securities, limits to the clients will be given after the applicable Hair-Cut.
- We will provide exposure towards funds given by any of the above in the ratio as mentioned below:
 - Equity:- 1:1

- Future & Option:- will provide Limits to the amount of Margin available
- Currency Derivatives:- will provide Limits to the amount of Margin available

- For every CTCL/IML server, there is one GETS Admin (Main user) that can monitor all the dealers connected with that particular CTCL/IML server. Each CTCL/IML server has CTCL/IML manager that manages all the CTCL/IML dealers attached with that particular CTCL/IML server.
- The RMS Department keeps track of the accounts of all clients/dealers on a regular basis.
- Margin Limit is set as zero by default for Clients and dealers and is changed on the basis of recommendations of RMS Department that works in close co- ordination with payment collection department.

General Points

- Margin is collected in the form of Cash and/or Securities.
- In case of dealings on Futures & Options / Currency Derivatives Segment, trading is not allowed unless the client has deposited with us collateral equivalent to initial margins.
- In case of buying, the shares bought are not transferred to the respective clients before actual realization of their payments.
- Before making the payments to the clients, the department issuing the cheques duly ensures that the securities sold by him/her have been actually received.
- Business Partners, who introduces clients to us, have been clearly informed that they shall be wholly and unconditionally held liable for defaults, if any, committed by the their respective clients.