

RISK MANAGEMENT POLICY



MONEYWISE FINVEST LTD.

Risk Management and Surveillance:

We have a client level risk management system wherein the margins/collaterals of all the clients are uploaded to the front office software of the Exchange/Company. The clients are allotted exposure based on the margin/collaterals available with us.

Margin will be collected upfront from all the clients and will be collected either by cheques and other banking instruments through mapped bank accounts of the client, by securities and other eligible instruments prescribed by SEBI/Exchanges. Different forms of margin/collaterals which may be collected are Funds, Securities, Mutual Fund Units, Government Securities / T-Bills, Bank Guarantee, Fixed Deposits etc. The collaterals given by the clients towards margin are accepted only after haircut called "VaR" which is never less than that fixed by the Exchange. An extra VaR (STOXKART VaR) will be applied for haircut on collaterals to give extra cushion against volatility and exposure will be allowed accordingly. STOXKART VaR is calculated taking into consideration many factors such impact cost, VaR by Exchange(s), Market Capitalization, turnover etc.

In Capital Market segments, clients need to have 100 % cash margin (cash + cash components) and are allowed to execute transactions and the VaR / Initial margin will be blocked based on the exposure availed by the client. Clients are required to mark scheme of product at the time of entering order i.e. **Margin Intraday Scheme (MIS)** or **Delivery**. In case of **Delivery product**, client is required to pay rest of the bill amount on T day as well to avoid any delay payment charges i.e. 0.07% per day (including GST). In case the client fails to clear payment within 5 days from the execution of the trade (T+5), the position shall be squared off on T+6 day.

In case of **MIS Product** (Intraday/Jobbing), following policy shall be adopted:

- A scientific and broad approach has been taken to categorize various securities listed on various stock exchanges for MIS Product.

- Securities have been categorized in various categories (A1-C3) based on various parameter like EPS, Book Value, P.E. Ratio, Market Capitalization, FII Stake, Promoter Stake, Average Turnover, Impact Cost etc.
- Securities, having Market Capitalization of more than 2000 crores, have been considered for MIS Product. Category A1 contains Bonds/Mutual Funds.
- In Category A2 (refer Annexure 1), client may avail exposure up to 15 times of the margin available.
- In Category A3 (refer Annexure 2), client may avail exposure up to 10 times of the margin available.
- In Category B1 (refer Annexure 3), client may avail exposure up to 7 times of the margin available.
- In Category B2 (refer Annexure 4), client may avail exposure from 2 to 3 times of the margin available.
- In Category B3 (refer Annexure 5), client may avail exposure up to 3 times where security is in F&O and 1 time in the rest of securities of the margin available.
- In Category C1 (refer Annexure 6), client may avail exposure up to 2 times of the margin available.

Further in addition to above as per SEBI circular no. CIR/HO/MRDSD/DOP/CIR/P/2019/75 dated June 20, 2019 related to Handling of Clients' Securities by Trading Members/Clearing Members, following important changes included w.e.f October 01, 2019:

- In case of clear credit balance in client trading account (for Cash Segment), securities purchased by client will be transferred to client's demat account within one working day of the pay-out.
- With regard to securities that have not been paid for in full by client (unpaid securities), it shall be transferred to a separate client account titled - "client unpaid securities account".
- The securities kept in the 'client unpaid securities account' will be transferred to client demat account upon fulfilment of funds obligation within five

trading days from the pay-out date otherwise the same will be disposed off in the market by STOXKART.

- If client unpaid securities are disposed off by STOXKART in accordance to SEBI circular, then the client will not be able to purchase the same securities on the same day unless the debit is cleared in his trading account.
- Securities kept in Client Collateral A/c can be pledged with Exchange Clearing Corporations for margin purpose.

In case of derivatives segments (F&O, CD, COM), client needs to maintain at least 50% of margin in the form of cash component at all times and rest may be in non-cash component. In case of any shortfall in cash margin or in total margin, a delay payment charges (DPC) will be imposed i.e. 0.07% per day (including GST) to the extent of shortfall.

Client's position in MIS product (equity/derivative) will be squared off by 03:10 pm if position is not converted into delivery by client or anytime if 50% of client margin erode. Any liquidation/squaring off of existing position of the client will be based on given example:

If any client is having Rs. 1 Lakh margin deposit.

He may take a position in ACC Ltd. up to Rs. 10 Lakh (attracting a margin of 10% as ACC is a part of category A3 securities.)

After taking this position client stands @ 100% (Margin required). In case of any fall in the price of the security, following action will be initiated:

Fall in price of ACC	Collateral value reduced due to MTM/Notional Loss	Shortfall in Margin due to price fall	Available margin of Client	Action to initiate
2.00%	20000	20000	80.00%	Intimation call
4.00%	40000	40000	60.00%	Alert via SMS and Mail
5.00%	50000	50000	50.00%	SMS, Mail and IVR Call on reduced position