



RMS GUIDELINES FOR TRADES BY CLIENTS

The following are the broad guidelines for the purpose of Risk Management to be followed in the case of different types of trades:

1. In case of Delivery Based Trades

General:

Transactions are allowed only in cash market of NSE and BSE exchange.

Setting of Limits:

- a. In case of online transfer of funds by clients the limit will be given as an add-on limit.
- b. Cheques shall be accepted from only those accounts which are mapped with Back office Software. If not mapped, the client is required to give the proof of his bank account for record of IDBI Capital. Cheques from a current account where a client is the sole proprietor would not be acceptable. Non-MICR cheques, out station cheques and Demand Draft will not be accepted.
- c. Product Multiplier is 1 time in offline. In case of online clients, the product multiplier is 0.98 times. The rest is kept for brokerage and other charges.
- d. DIS from any other DP to be accepted from the client and ad hoc limits for sell to be given only on receipt of shares in the beneficiary account maintained with ICMS / Pool account as per offline surveillance software process.
- e. Sell of stock only to the extent of the following:
 - availability of stock i.e to the extent of quantity available as per asset register uploaded for DP Free (ICMS DP)
 - Beneficiary stocks held on debit balance
 - Stocks under obligation

2. In case of Margin (Intra-day) trades

General:

Transactions to be allowed only in cash market of NSE and BSE Exchange.

Setting of Limits:

- a. Purchase or sell position in intraday is allowed only against availability of adequate buying power
- b. Exposure will be given for online clients on multiplier as decided by RMS Head from time to time and for offline on the basis of VAR + ELM + Addition margin charged by exchange or any further additional margin can be charged.

- c. No check for stock at time of sell i.e. short position can be taken to the extent of availability of applicable margin.
- d. Intra-day Booked profit / Loss to be credited / debited to the buying power on reversal of intraday positions, but not to be allowed for withdrawal.
- e. Intra-day accrued M2M loss to be debited from the buying power
- f. It is mandatory for a client that all positions are reversed/squared off prior to specified time frame for square off by RMS team.

Other restrictions:

- a. Trades not allowed for T, TS, and Group scrips in BSE and BE series scrips in NSE (as exchange settles such trades on delivery basis)

3. In case of FNO (Futures & Options) transactions

Setting of limits:

- a. Positions to be restricted to the extent of margin amount of open positions and additional clear cash available (if any).
- b. Intraday Booked profit / Loss to be credited / debited to the buying power but not to be allowed for withdrawal.
- c. Premium credit on square off trades to be given to buying power
- d. If any existing position is reversed then applicable margin to be released and to be added to the buying power but not to be allowed for withdrawal

Restrictions:

Trading not to be allowed in Contracts in ban period and in market wide position limits (as per Exchange circular) and any other guidelines set by exchanges from time to time. RMS may block intraday or new positions in F&O scrips, which are in ban period.

Forceful Square off by RMS

The RMS team may square off the clients positions without notice to the clients in the following cases:

- 1. In case of debit in Ledger balance due to buying delivery against collateral, clients have to provide funds on T+1 day before such time as specified by RMS from time to time.
- 2. In case of debit in Ledger balance due to creating position in F&O segment, clients have to provide funds on T+1 day before such time as specified by RMS from time to time.

3. In case debit in Ledger balance due to M2M or Booked loss of previous day, clients have to provide funds on T+1 day before such time as specified by RMS from time to time.
4. In case of confirmation from back office for chq bounce / third party chq deposit.

In any of above cases the receipt of deposited chq receipt will not being provided. RMS will square off the Cash Position (Stock in beneficiary / Stock in POA / Stock in Collateral) / F&O position as soon as possible to nullify the debit of client.

General

- a. BUYING POWER / Deposit = T + 2 ledger balance after adjusting (Latest Span + Exposure margin applied on FNO positions)+ Pre Pay in received.
- b. WITHDRAWABLE BALANCE = T ledger balance after adjusting (Latest Span + Exposure margin applied on FNO positions) – future debits
- c. Funds withdrawal request to be restricted to the extent of withdrawable balances
- d. If withdrawal request is greater than such balance, instruction to be rejected
- e. Z Group/Physical Securities are restricted.
- f. For Client/Dealer facility required transferring position across products to the extent of free availability of cash margin requirement as per the respective product rules or full Stock available.
- g. Scrips with low volume or high volatility, will be restricted for trading . Further, scrips listed in the SME Segment are also restricted for trading . These scrips have huge lot size with low liquidity, which in turn have miniscule participation in terms of volume at the Exchange. In order to avoid manipulations or erroneous trading, the restriction will be imposed by Risk Management Team of the Company based on daily system / market reviews. The trades would be allowed only after RMS Team / Management approval.
- h. Treatment for Securities in Ban Period - Exchanges set MWPL(Market-wide positions limits 20% of Free Float) for all stocks traded in the Equity Derivatives segment, this is the maximum number of contracts that can be open at any time(Open Interest), If the open interest of any stock crosses 95% of the MWPL(All futures and options contracts of that stock), all F&O contracts of that stock enter a ban period. When the stock F&O contracts are in the ban period, no fresh positions are allowed for any of the futures and options contracts in that stock. Customers will only be allowed to exit the existing positions during this period. The scrip exits the Ban period only if the open interest falls below 80%.

Continuous monitoring is done by the Risk Management team of IDBI Capital for the stocks with High Volatility / low volume as a part of Surveillance and online monitoring. Any adverse movements in the prices of those stocks may also result in liquidation independent of the Margin reduction criteria.