

### Risk Management Policy

Moneylicious has risk management policies for all the clients of Moneylicious . These policies have been adopted to minimize the risk to Moneylicious from possible defaults of the clients who deal with it. The risk management systems considering the current operations of the company are:

#### 1. LIMIT SETTING

1.1 No ad-hoc limit will be given to any new client with zero balance as a ledger credit or collateral.

#### 1.2 Limit on unrealized cheque

1. Client bank details are mapped in the back office software.
2. After depositing cheque in the bank, branch must upload the same in back office & send the cheque details through official e-mail ids in pay-in format only.
3. Ledger credit and Exposure for the new client codes will be given only on receipt of funds in our bank accounts.
4. Limit will be provided on uncleared instruments exceptionally with the approval of regional head or Above level.
5. Cheque entry will be reversed from ledger credit of the client if the amount is not received in 3 working days.
6. In case of bounced cheques 2 times, the client will be 'flagged' as risky and will be categorized as "Risky branch client /unreliable client" and no further exposure will be provided on unrealized amount or exceptional request.
7. If any client is categorized in "unreliable client" then such client gets credit/exposure only on realization of funds in future.
8. The client may be shifted to regular list, based on the factual and practical reasoning for cheque bounces if recommended by the business head & post that risk responsibility is on the business head.

#### 2. LIMIT CALCULATION.

For limits only approved stocks as per company policy are to be considered with haircuts based on stock category as defined above in delivery stocks restrictions.

1. **Margin Deposit** = Ledger balance + approved stocks with haircut -150% of Short sold stock value
2. Haircut: it is specified as per STOCK category as finalized month on month basis
3. **Short sell value** = shares which were sold and not lying with us on T day (BEN & POA DP)

Limit will be calculated based on margin deposit available; Client will be having different limits based on his trading preference on our different products as specified in PRODUCT POLICY.

Illustration of deposit calculation:

- **Approved Stock** = 100000, value after haircut= 67000
- Ledger= -25000 ( NSE+BSE+FAO+CDS+MCXSX)
- Short sell value= 10000 150% of short sell = 15000
- Deposit= 67000+ (-25000)-15000= 27000, in cash Delivery limit will be 27000\*Approved haircut %; In FAO/Currency it will be 27000 Margin.

## Limit setting and square off Policy – MONEYLICIOUS

Client Category in Cash Products			
DEFAULT LIMITS			
INTRADAY	Scrip Category	Delivery	
Margin Deposit	Group A & B only	RMS VAR H/C for delivery	As per annexure I

Client Category in Options Products			
DEFAULT LIMITS			
Deposit	INTRADAY	C/F	
Post stock haircut/cash 1	1 Time Margin	1 Time Margin	

Client Category in Future Products -COMMODITIES			
DEFAULT LIMITS			
Deposit	INTRADAY	Margin Multiplier	C/F
Ledger Balance above 10K	3 times Margin	33% of Net Margin	1Time Margin

### 3- CHEQUE BOUNCE / REVERSAL ACTION

1. In case of cheque bounce / reversal, RMS department squares off the positions immediately, based on the client new status post informing Branch & Client.

### 4 - MARGIN CALL CASH

- 1.1 Don't place any fresh buy order for clients who are in margin call. The list of clients in margin call is sent to you in the evening itself for next day.
- 1.2 All clients are who have received short delivery in payout from exchange and if the same has been sold which subsequently goes for auction; the same will be at client's risk. If such a client is in margin call without considering the payout short received, branch needs to collect payment immediately from client otherwise the client's other stock will be liquidated to get out of margin call.
- 1.3 If margin call is cleared during trading hours, RMS gives intraday exposure if requested by the branches post clearing of margin call.

### 5- MARGIN CALL F&O AND CURRENCY

- 1.1 Clients who are in margin shortfall will not be given any fresh limit. Any shortfall extending for more than 2 days has to be compulsorily closed
- 1.2 Any client who is coming in MTM loss on his clear balance, such client's positions will not be hold on the basis of uncleared cheque or cheque in hand. We request you to kindly inform the same to your clients to avoid any inconvenience. Any exception in this regard has to be approved by the appropriate authority on mail .

### 6- DEBIT ABOVE 7 DAYS (Calendar days inclusive of Saturday & Sunday)

- 1.1 No client should ever be in debit for more than 7 calendar days. Buying limit of such client's will be blocked
- 1.2 All clients above 7 calendar days of debit will be closed by RMS without any notice.
- 1.3 Clients are supposed to transfer funds or reduce their positions on or before 12.00pm on T+7<sup>th</sup> day when they are in ageing for more than 6 calendar days.

### 7- MTM LOSS MONITORING.

- 1.1 All the branches are expected to monitor *MTM loss of the clients on a continuous basis and square-off the positions if MTM loss reaches above 75% of the ledger balance.*
- 1.2 RMS department also monitors the MTM loss of all the clients on real time basis.
- 1.3 If the volatility in the market is high, RMS shall start squaring of the position when MTM loss crosses 70%.
- 1.4 RMS sends message confirmation of square off of the positions to respective branches/franchisee on their Front office terminals.
- 1.5 RMS sends square off mails to the branches giving details of the price at which the position is squared off. These mails are generally sent immediately after square off of the positions. If market is very volatile, these mails are sent after closure of the market.
- 1.6 Branches are advised to monitor the MTM loss, Margins and net position of the clients.

### 8- MTM & AUTO SQUARE OFF.

- 1.1 In CASH clients are required to square up their Margin (intraday) positions before 3:08 pm, from 3:08 pm to 3:10 pm the system will be in square off mode in this client can square off his position and can't take any fresh position and after 3:10 pm positions will be closed by the system automatically.
- 1.2 In FAO, clients are required to square up their Margin (intraday) positions before 3:15 pm, from 3:15 pm to 3:17 pm the system will be in square off mode in this client can square off his position and can't take any fresh position and after 3:17 pm positions will be closed by the system automatically.
- 1.3 In CURRENCY FAO, clients are required to square up their Margin (intraday) positions before 4:45 pm, from 4:45 pm to 4:47 pm the system will be in square off mode in this client can square off his position and can't take any fresh position and after 4:47 pm positions will be closed by the system automatically.
- 1.4 In COMMODITY, clients are required to square up their Margin (intraday) positions before 11:15 pm, from 11:15 pm to 11:17 pm the system will be in square off mode in this client can square off his position and can't take any fresh position and after 11:17 pm positions will be closed by the system automatically.
- 1.5 Any client who is coming in MTM loss on his clear balance, such client's positions will not be hold on the basis of uncleared cheque or cheque in hand.

### 9- CLIENT WISE / MEMBER WISE POSITION LIMIT

- 1.1 Exchange specifies member and client wise open positions limits, Branches must ensure that no client breaches the limit.
- 1.2 There is penalty for any breach in open position limits.
- 1.3 Please refer [www.nseindia.com](http://www.nseindia.com), [www.bseindia.com](http://www.bseindia.com), or [www.sebi.gov.in](http://www.sebi.gov.in) for further details.