

## **RMS POLICY**

The following document describes the risk management policy followed by NAM Securities Limited (hereinafter referred to as 'NSL'). Please read it carefully as it pertains to your trading activity. The policy is applicable to all the segments of NSL.

### **I) System of Pay in and Payout of funds**

**Payin:** Clients can transfer funds into the Trading Account only from such bank accounts which are registered with NSL. Any transfer from a non-registered bank account will not be considered and the client does not get any trading limit credit for such transfers.

If the client transfers funds via cheque, the details of the transfer along with a copy of the cheque should be made available to NSL for the credit to be updated on the trading account.

**Payout:** All payouts will have to be compulsorily placed on the Back office access provided to the clients. All payout requests will be processed electronically and the credit shall come to the client's primary bank account within 24 hours of having processed the payout request.

Withdrawal requests will be processed at 8:30 PM on working days. If you place a withdrawal request before 8:30 PM, the money will be credited to your account the next bank working day. If you place a withdrawal request after 8:30 PM, it will be processed on the next working day and you will receive the funds in 48 hours.

Payout windows are closed on Saturday and Sunday - this means if you place a request on Saturday or Sunday or after 8:30 PM on Friday, it will be honored only on Monday.

### **II) Margins**

**Client Funding & Margin Trading Funding (MTF):** NSL does not engage in the business of Client Funding & MTF facility. Clients are required to have sufficient balance in their accounts to hold/carry forward positions.

**NSE/BSE Equity:** NSL has a policy of giving up to 5 times exposure on a broad spectrum of stocks; no margin is given for delivery trades. The client needs to have enough money in his trading account to take delivery of shares falling which NSL can cut the position.

**Futures and Options:** Leverage provided here is subject to market conditions and changes in its proportion are dynamic.

**Cover Orders:** Currently available for NSE & BSE – Equity, Equity Derivatives and Currency Derivatives segment, typically the margin benefit under this is higher relative to MIS positions.

Intraday products (MIS/BO/CO) square off timings:

Item	Equity/Cash	Equity derivatives
Intraday Margin Time (MIS and CO)	3:20 PM onwards	3:25 PM onwards

\*Note: Intraday square off timings can change based on the discretion of our risk management department.

Note

- An order placement charge of ₹100 plus GST will be levied for all OFS.
- Option premium received from writing options will not be considered as Cash/Capital.
- Cover Order is not available for stock options.
- Positions which do not have sufficient funds can be cut any time at the discretion of our RMS desk. There will be no margin calls or intimation from our RMS desk.
- Any open positions can be squared off at the discretion of our RMS desk If the funds available in your account are short of exchange specified margins. There will be no margin call before the position is squared off. During times of extreme volatility, the loss could be more than the funds available in your account before the position is squared off. All resulting charges or debts that might occur from such square offs will have to be borne by the client.
- Collateral margin will not be considered for equity delivery positions.
- All BO, CO and MIS positions will automatically be squared off at the end of the each trading day.
- Basket orders will not be allowed on penny stocks.
- Basket Orders will be allowed only on orders which are over ₹25,000 in turnover per leg.
- AMO (After-Market Orders) will be allowed only if the value of each order is above ₹25,000.
- AMO will be cancelled if the price entered is more than 10% away from the LTP in either direction.
- Clients will have to ensure all Co, Mis, and intraday products are closed by the EOD.
- BO and CO is not allowed in pre-open for Equities.

- On the start of the delivery intention period, clients will not be informed before closing any open positions to avoid compulsory delivery notice. Clients are advised to close their positions well in advance.
- Instruments available for trading at NSL are subject to the discretion of the risk management team, and these may change from time to time for various reasons.

All information mentioned here is subject to change at the discretion of our Risk management team.

### **Collateral margins**

- For all pledge requests placed before 4:00 PM, the collateral margin will be available to trade on T+1 day (next working day). All requests placed after 4:00 PM will be processed only on the next working day.
- Margins will be provided after the applicable haircut. A haircut of 10% would mean that if you pledged stocks worth Rs 1 lakh, Rs 90,000 (90% of 1 lakh) will be added as collateral margin to your trading account.
- You will be able to use this entire margin after haircut for taking intraday or overnight positions in Futures, and for writing Options of equities, indices, and currencies. You will not be able to use this margin to buy Options or take further positions on the equity segment.
- Exchanges stipulate that for overnight F&O positions, 50% of the margin needs to compulsorily come in cash and the remaining 50% can be in terms of collateral margin. If you don't have enough cash, your account will be in debit balance and there will be an delayed payment (interest) charges charge applicable on the debit amount. So, if you take positions that require a margin of Rs 1 lakh, you will need at least Rs 50,000 in cash irrespective of how much collateral margin you have. Assuming you don't have this Rs 50,000, whatever you are short by will be the debit balance for the day, and delayed payment (interest) charges will be applicable for that amount. You can check [this link](#) to know more on how the delayed payment (interest) charges will be computed.
- Liquid bees are considered as cash equivalents by the exchange, so the above 50% rule wouldn't apply. So margin received from pledging liquid bees will be as good as having cash in your trading account.
- All delayed payment (interest) charges accumulated will be debited once every month on the ledger.
- All pledged stocks will be blocked in your demat account until they are unpledged again. The entire process of pledging and unpledging will cost Rs 70 plus GST per scrip irrespective of the quantity. So if you pledge 100 shares of Infosys and 200 shares of Reliance, the total cost (pledging + unpledging) will be Rs 140 plus GST (Rs 70 x 2). This charge will be debited from your ledger the day you place the pledge request.
- You will continue to get benefits of all corporate actions like dividends, splits, bonuses, etc. on the stocks you have pledged.

- This facility is available only for those clients who have opened a demat account through NSL.
- NSL reserves the right to liquidate any stock in case debit arises in the client's account and subsequent nonpayment of such debits.
- NSL reserves the right to make any changes in the policy with due intimation to the client.

### **Intraday Margin Exceptions**

Intraday Margin may be reduced on certain days due to any of the following reasons:

- a) Exchange policy changes or regulation
- b) Government policy changes or regulation
- c) Broker policy changes
- d) Excessive or abnormal market movement / turnover / volatility

### **III) Trading in newly listed shares, illiquid securities and illiquid F&O contracts**

Newly listed securities, illiquid securities and Trade-to-Trade securities which have high VaR margin are subject to high market risks and rate fluctuations. Illiquid securities and Trade-to-Trade securities will have a daily price range (DPR) whereby the chances that these shares can reach the upper DPR or Lower DPR during a trading day are higher than other securities. Hence, the dealing in these securities will be subject to permission from the surveillance department and will be subject to the available credit balance. In case of Derivative contracts which are Illiquid, dealing would be restricted and would be subjected to permission from the Risk and Surveillance department.

### **IV) GSM Securities**

In GSM securities the Company would be blocking the scrip under GSM from Grade II - Grade VI. Exchanges has vide their respective circulars have provided for guidelines on GSM securities. The client can refer to the same in case of explanation required. Newly listed shares usually do not have a DPR and hence, the chances for rate fluctuations are higher. The dealing in newly listed shares will be restricted to the available credit balance after considering the Mark- to-Market levels.

### **V) Penny Stock Policy**

Penny Stock is a stock that trades at a relatively low price and market capitalization. These types of stocks are generally considered to be highly speculative and high risk because of their lack of liquidity, large bid- ask spreads, small capitalization and limited following and disclosure. Depending on the market condition and RMS policy of the company, the stock broker reserves the right to refuse to provide the limit in penny stocks and losses if any on account of such refusal shall be borne by client only.