

## NIRMAL BANG SECURITIES PVT LTD ( NBSPL )

Member BSE , NSE , MCX and NCDEX

### Risk Management Policy:-

1. Every Relationship Manager ,Dealer , Branch Manager and Authorized Persons should follow the Risk Management policy of NBSPL for enrolling and activating the client and monitoring the trade done by the clients in Cash, F&O, Currency and the Commodity segments of Exchanges . The Risk Management policy may be made accessible to the clients whenever it is demanded by the Client.
2. The Dealer/Relationship Manager/Branch Manager/ Authorized Persons should carry out due diligence and risk profiling of the Client based on KYC procedures specified in the KYC policy and Risk Management Policy of NBSPL.

Types of Risk and Margins in both Cash & Derivatives segments (Including Currency Derivatives Segment) and Commodity Segment (BSE, NSE MCX and NCDEX):

3. Risk is generally used synonymously with the probability of known loss. Risk can be categorized into the following three types:
  - Low Risk
  - Technical Risk
  - High Risk
4. To cover the above risks, various types of margins are required to be collected from the clients before allowing the Client to trade and also to minimize the risk arising to NBSPL if there is sudden down fall in the stock market.
5. Margin is a minimum amount of funds and /or securities that must be held by a client in a trading account in order to allow trading in Cash, Derivatives and Commodity market.
6. Certain types of margins that are required to be collected from the clients on upfront basis and others as per his trading practice and requirement of the Exchanges.
7. Types of margins with their terminology in both cash and derivatives markets including currency derivatives segment and Commodity Segment are given as under:
  - i. **Cash /Capital Markets:**
    - VAR Margin ELM
    - Margin M2M Margin
    - Additional Margin
  - ii. **Derivatives Market (F&O segment):**
    - Initial Margin (Total of SPAN margin requirement +Buy Premium+ AssignmentMargin (i.e. in the money margin)
    - Exposure Margin
    - Premium Margin
    - Mark to Market Loss and Delivery Margins if any.

Additional Surveillance Margin – Kindly refer several types of Margins levied by NSE under head – Market Surveillance /ASM-Equity Derivative Segment

Margins levied and Blocked by Exchange pertaining to Revised position limits in Equity Index Derivatives (Futures and Options) . Kindly refer to the following Circulars for your reference.

NSE /SURV/43915 dated 22.03.2020 , NSE /SURV/44190 dated 20.04.2020 , NSE /SURV/44456 dated 22.05.2020 , NSE /SURV/44697 dated 18.06.2020 , NSE /SURV/45902 dated 22.07.2020 , NSE /SURV/45485 dated 26.08.2020 , NSE/SURV/45765 dated 21.09.2020 , NSE /SURV/46124 dated 22.10.2020 and NSE/SURV/46458 dated 25.11.2020.

### III. **Currency Derivatives Market:**

- Initial Margin
- Exposure Margin
- Premium Margin
- MTM

### IV. **Commodity Market (BSE , NSE , MCX,NCDEX ):**

- Initial Margin Exposure Margin
- Additional Margin
- Additional Cash Margin
- Tender Margin /Delivery Margin
- Event based Additional Surveillance Margin

### **Assigning Trading Limits :**

In the following manners limit shall be assigned in cash market segment, derivatives segment and Commodity segment. Limits shall be reset on daily basis by generating a file from the back office system at HO.

- **Cash Segment:**

- a) In cash market, VAR based trading pattern/system shall be applicable for all the clients as prescribed by Exchanges from time to time .
- b) Trading limit shall be provided to the client in cash segment based on pledged stock after haircut and clear credit balance available in their ledger accounts. Repledge value of Securities will be taken in to account while uploading trading limits file , in case of shares pledged by Clients but not Re-pledged by Member , trading limits on the said securities after prescribed haircut ( Exchange / Trading Member ) on the request of Clients and duly approval from Team Risk Management will be provided to Clients for trading purpose .

- **Derivatives Segment:**

- a) Client shall be allowed trading in derivatives segment based on upfront availability of margin collected from the client.
- b) Exposure on client stock shall be allowed after providing scrip wise VAR haircuts as prescribed by exchange or as per Company prescribed VAR.

- c) Trading limit shall be provided to the client in FO Segment based on pledged stock after haircut and clear credit balance available in their ledger accounts. Repledge value of Securities will be taken in to account while uploading trading limits file , in case of shares pledged by Clients but not Re-pledged by Member , trading limits on the said securities after prescribed haircut ( Exchange / Trading Member ) on the request of Clients and duly approval from Team Risk Management will be provided to Clients for trading purpose .
- **Commodity Segment (BSE , NSE MCX & , NCDEX ) :**
    - a) Client shall be allowed trading in derivatives segment based on upfront availability of margin collected from the client.
    - b) Exposure on client stock shall be allowed after providing scrip wise VAR haircuts as prescribed by exchange or as per Company prescribed VAR.
    - c) Trading limit shall be provided to the client in FO Segment based on pledged stock after haircut and clear credit balance available in their ledger accounts. Repledge value of Securities will be taken in to account while uploading trading limits file, in case of shares pledged by Clients but not Re-pledged by Member, trading limits on the said securities after prescribed haircut (Exchange / Trading Member) on the request of Clients and duly approval from Team Risk Management will be provided to Clients for trading purpose.
8. Client should not be permitted to trade in penny stock and other stocks as a Surveillance measures of Member . However, in exceptional circumstances if a client is permitted to trade in such stock like in T,TS and Z group, then 100 % margin shall be charged or recovered from the client as per discretion of RMS team and that these stocks shall not be taken into consideration for providing exposure to the client.
9. Further, the Management shall have the ultimate authority and can restrict Client from doing traded in particular securities including penny stocks.
10. It has to be ensured that banned scrip's , illiquid or T,TS &Z category scrips shall not be accepted as collaterals and should not be taken into consideration for calculating collateral margin. Member shall have the ultimate authority to restrict a client from trading in any particular securities/stocks including illiquid scrips or above mentioned categories.

#### **Calculation Mechanism of Margin:**

- Actual Margin received from the client (as appears in Client's ledger Separately)
- (+) T Day Ledger balance of all segments.
- (+) Repledge Value of shares with Clearing Corporation after considering applicable haircut of NB
- (-) all Un-cleared cheques
- (-)120 % of short sales

### **Out Side DP stock :**

In case the client is holding securities in a demat account other than NBSPL, then it shall be mandatory for the client to deposit requisite margins as prescribed by Exchanges and SEBI from time to time or make early pay-in while selling the Securities .

11. Accounts of clients, who have provided collateral in the form of a single stock, shall be monitored on a regular basis.

12. NBSPL shall decide the component of cash and non-cash collaterals from time to time, in accordance with the norms specified by SEBI and the Exchange, either in general or for any particular client, as the case may be. In any case, cash component should not be less than 50

% . If the same ratio is not maintained by Clients , Member reserves right to Charge Interest not exceeding 1% Per month for short fall Cash amount .

13 . Only client stocks appearing on the approved list of NSE, BSE & MCX , NCDEX (after removing the illiquid scrips as appearing on NSE, BSE and MCX, NCDEX (Illiquid list) shall be considered for margin purposes. However, the Head of the Risk Department may decide any specific inclusion or exclusion from the collaterals based on exceptional circumstances while giving trading limit to Clients .

14. For valuation of collaterals, the market rate shall be considered as closing price of T- 1 day. Haircut shall be VAR rate or subject to minimum of 20% or at percentage which may be decided from time to time. It can be applied based on categorization of scrips infew categories.

15. .It has to be ensured that the collaterals received are from the client's designated Demat Account and not from any third party demat account.

### **Placing of Order:**

16 .Branch Manager/RMs/Dealers shall ensure that orders are placed through CTCL/BOLT/NEAT Terminals with in the exposure limits applicable to clients as decided by the RMS Team and NBSPL.

### **Dealing in Restricted Scrips:**

17. Additional due diligence shall be exercised in case of clients who trade in NBSPL blocked securities.

18. NBSPL reserves the right to refuse execution of any transaction requests of the client on such restricted securities or to reduce the open market interests of the client in such securities/ contracts.

19 NBSPL reserves the right not to allow any trades or transactions in respect of certain securities or segments or orders/requests as per NBSPL criteria reviewed and updated from time to time. NBSPL shall not be responsible for non-execution / delay in execution of orders in restricted scrip's and contracts and consequential opportunity loss of financial loss to the Client. NBSPL shall have the discretion to

place such restrictions , notwithstanding the fact that customers has adequate credit balance or margin available in Client account or Client had previously sold such securities / contracts through NBSPL Itself . NBSPL has the right to revise the list of such Securities / Contracts on a periodic basis.

#### **Mechanism of Fund Collection in Cash Segment :**

- 20 .In case of cash market for trading in equity segment it has to be ensured that 35 % coverage is maintained by Clients all the time by the client and such calculation is done on daily basis by the RMS team and should be informed to the client promptly.
- 21 .If the client is having debit balance in cash segment with 35% coverage, such debit balance needs to be cleared by the client within T+1+5 days.
- 22.If any client has a debit balance in cash segment for more than 4 days with less than 20 % coverage, then shortage amount or 4 days debit balance amount whichever is less shall be collected /liquidated by the RMS team to the extent of 35%.
- 23.Upfront margins are required to be collected from the clients in advance of the trade as per Exchanges regulations.

#### **Mechanism of Fund Collection in Derivatives and Commodity segment:**

- 24.In case of derivatives segment, one time exposure is allowed and initial margin is mandatory to trade in Derivatives and Commodity segments of various exchanges.
- 25 .In Derivatives and Commodity segments position shall not be allowed to be carried forward in cases of Short margin.
26. All illiquid contracts shall be blocked for trading in Derivatives and Commodity segments as per RMS policy.
- 27 .Un-cleared cheques shall not be considered as Margin under any circumstances. The Branch Manager shall consider as margin only on Clearance of the cheques. (Limits on uncleared cheques will be considered on case to case basis. )
- 28 .Branch Manager/Relationship Manager shall collect MTM margin immediately on T day or on T+1 day as prescribed by Exchanges.

#### **Intimation to clients:**

29. Regular intimations of debit, information about margin shortage (real time margin shortage), and communication regarding liquidation shall be sent through SMS and email to the clients' registered mobile number and email address respectively or through any other communication modes. If any penalties to be levied on clients other than exchange regulations should also be communicated. If a Client is charged a penalty by member and up on review , it is found to have been an error , the Member reserves the right to refund or

credit the wrongly debited amount to the Client's account. This reflects a fair practice in risk management policies , ensuring that Clients are not un fairly penalized and that any error are rectified promptly . It also builds trust and ensures compliance with regulatory and ethical standards .

**Margin Reporting:**

30..For same day margin requirements, clear ledger balance as on date will be considered.

31. For all segments Securities provided by Client as margin pledge shall be considered with previous day's Valuation and hair cut prescribed by Exchange.

32.All other standard operating terms & conditions i will remain as is and in line with regulatory requirements.

**Giving Exposure to the client:**

33 .In setting exposure limits to the client ,the factors like client's income, risk profile, risk appetite, loss bearing capacity ,payment history, market volatility, risk management policy of NBSPL and such other factors or conditions which NBSPL may consider relevant for the purpose from time to time, shall be taken into consideration.

34.Further NBSPL at its discretion may collect such additional margin or may further reduce the margin subject to extant norms specified by SEBI and or the Exchange. Clients shall have to maintain sufficient balance with NBSPL prior to the trade depending on the channel through which they trade. In case the client is providing collateral in the form of approved securities/mutual fund units as margin, a margin pledge shall be initiated by the client in favor of NBSPL through physical or electronic instruction mechanism provided by the Depositories. Where the client has DDPI in favor of NBSPL, the margin pledge shall be initiated by NBSPL on behalf of the client. The margin pledge will be initiated as per the process defined by the Depositories / SEBI / Exchanges.

The client will receive a link on registered Email id / Mobile number mapped with depository (NDSL / CDSL) for confirmation of pledge in favor of NBSPL. Client will have to enter an OTP received on Email id and /or Mobile number within the prescribed timeline to confirm pledge in favor of NBSPL. The limit for trading on pledge securities/mutual fund unit will be given to client on best effort basis only post confirmation of creation of pledge in favor of NBSPL. NBSPL will not be responsible for any delay or non-receipt of link / OTP from depositors for creation of pledge or non-confirmation of pledge request by the client. Securities can be pledged between 7 am to 5 pm on trading days . Clients can send request for unpledged during the day . The Collateral margin for a successful request will be credited to Member account on the next trading day. In case of receipt of Bonus Shares, new listing shares, Right issue Shares, split shares, listing of demerger shares or in case of any other corporate action shares where Securities are reflected in Clients beneficiary account early morning (T Day) at Depositories and the same is not uploaded on trading platform of NBSPL , on the specific requests of Clients will be added by , as Member is uploading Clients Securities lying in respective demat account including pledge Securities (DDPI Clients ) which is reflecting on T-1 day till 8.30 pm .

NBSPL shall reserves rights to allow pledging of only selected securities/Mutual fund Units at its own discretion. The trade limits on pledge securities/Mutual fund units shall be given after applying appropriate haircut. NBSPL shall not be responsible for delay if any, in pledging or un-pledging of client securities/Mutual fund Units due to technical or any other issue at depositories (NSDL / CDSL) as well as at NBSPL end. Client shall ensure that correct Email and Mobile number is updated with NBSPL at all the times so that client can receive link and OTP for creation of pledge. In case of Buy Back bids / Takeover Bids / Delisting Bid / OFS bids of Clients , due to any technical issues at NSDL ,CDSL or at Member end , or bids received on last date Scheduled , and Securities not tendered , NBSPL shall not be held responsible for any losses to Clients .

NBSPL shall reserves rights to re-pledge the securities/Mutual fund Units to the Clearing Corporations. In case the client defaults NBSPL and/or the Clearing Corporations shall be entitled to invoke securities /Mutual fund Units pledged by the client.

#### **Enhancing/Adjusting the Exposure or available Margin for Clients during the day:**

35 .During the trading hours, exposure or available margin can be enhanced /adjusted for clients based on the following:

- On receipt of funds through RTGS/NEFT/Transfer Cheques/Bank Reconciliation / Cheques (with prior approval) and Pledge Securities
- On withdrawal of funds and Securities (with prior approval of RMS Team)

36 Exposure may be adjusted on receipt of news from market (market wise, client wide or security wide, if any), general volatility in the market .etc.

37 In case of funds of clients received through RTGS, the necessary entries in the system software shall be made and thereafter exposure provided to the client after allocation done in exchange as per SEBI or Exchange specified norms for intraday allocation.( Please refer circulars for Intraday allocation and guidelines for Margin Collection and Reporting issued from time to time by SEBI and Exchanges ) .

39 The exposures shall be enhanced only after adjusting the shortfall, if any from the additional margin received during the day.

#### **The margin shortfall in Cash,F&O ,Currency and Commodity Segments :**

40 .Positions of the client may be closed out to the extent of margin shortfall on the T+1 basis /Real time monitoring basis.

41 If there is a Mark to Mark loss NBSPL has rights to square off the positions of Clients with due intimation. On the best effort basis, Clients will be notified of their trades /Risk –Square off in case of margin shortfall through SMS, Email or any other means of communication .

42.While computing margin shortfalls, value of unapproved securities shall not be considered.

43. While selling the securities/ closing out of the client positions, NBSPL may not take into consideration Cheques showing unclear although deposited by the client with NBSPL until clear proceeds of such instruments are received by NBSPL in its bank account.
44. NBSPL shall have the right to sell clients securities in case of Ageing of debit and margin shortfall in the client accounts by intimating to Client.
45. Clients are not allowed to take further position in Banned Scrip's Contracts.

**Conditions under which a client may not be allowed to take further position or NBSPL may close the existing position of a Client:**

**A. All markets:**

45. Client is not having adequate margins as per conditions in Risk Management policy.

**B. Capital markets:**

46. The clients have not been able to meet his pay-in obligations in cash by the schedule date of pay-in irrespective of the value of collaterals available with NBSPL.

47. Clear proceeds of the cheque deposited by the client to meet the pay-in obligations have not yet been received by NBSPL.

48. Client is trading "illiquid" scrips and volumes in his account exceed Internal cut off limit fixed by NBSPL

**C. F&O, Currency & Commodity Segment:**

49. The clients has not made payment for Market to Market loss in Ledger Intra-day positions:

50. NBSPL shall have right to close out any intra-day positions taken by the client after a defined 'Cut-off' time (Presently 15 minutes before close of market )

51. Client is trading "illiquid" scrips and volume in his/ her account exceed internal cut off limit fixed by NBSPL as per RMS Illiquid policy.

**Auto Square off process in Cash Segment (Timer Mode):**

52. Cash segment positions will be square off in Margin product for Intraday on the mentioned time before closing the market.

**Pre Square off Mode 15:15 Hrs. (03:15 PM) Auto Square off 15:21 Hrs. (3.21 PM)**

In Margin Product NBSPL will not be responsible for any losses incurred by Client(s) as a result of uncertain or unexpected fluctuations in the market as well as technical failure , therefore client (s) is / are requested to take utmost care while trading in the Auto Square off timer mode product . All open positions, if not squared off by Clients by 3.20 pm , the system will automatically begin squaring off any open intraday positions at the market price after 3.20 pm . However, the onus of squaring off will be on the Client(s) and NBSPL does not guarantee that NBSPL will square of the open positions of the Client (s) .



**Penalty levied to Clients for Short collection of Margin/Other Margin/MTM Margin/Peak Margin as specified by Exchange**

53 NBSPL will impose/collect penalties from Clients as per Exchange regulations in Cash, Derivatives, Currency and Commodity segment.

54 .Further NBSPL reserved the right to keep client on a square off mode or can reduce position in case where client has imposed penalty by Exchange 3 times or more during a month for Short margin/MTM.

**Further exposure not allowed as per Sebi circular:**

55 .Further exposures not allowed to client if the debit continues (T+5) as per Sebi/ Exchange Circular

**Other Norms :**

56 Risk Team generates reports on daily basis, debtors/client's list with secured and unsecured/uncovered amount along with the ageing list. Absolute debit balance in client account in excess of RS.5 LACS and/or in excess of 7 days shall be separately monitored by Risk Team.

57 .The following are some of the indicative actions which may be initiated by Risk Team in a Volatile Market Conditions:

- Increase the hair cut on Collaterals.
- Increase the Margin rate.
- Disallow scrip to trade. Liquidation of positions.
- Disallow client to take exposure (based on news).
- Provide Margin calls to clients after valuing their portfolios.

**Transfer of Securities to the Client in the event of Non-Payment**

NBSPL may transfer the unpaid securities or partially paid securities from pool/ unpaid securities demat account to Client's demat account, on demand made by Client and thereafter collect the dues from the Client in accordance with the discussions/consent with the Client.

**Physical settlement of derivatives contract.**

As mandated by SEBI, stocks which do not meet the Enhanced Eligibility criteria shall move from cash to physical settlement. Kindly refer the circular as communicated by NSE, where physical settlement has been introduced for July 2018 expiry and onwards in all FNO scrip's.

[FAQ for Physical Settlement](#)

With introduction of physical settlement, all the open positions (Futures & in the Money Options) of near month will be settled through actual pay-in or pay-out of shares if positions are left open. Kindly refer Circular issued by SEBI and Exchanges from time to time.

**Crux points with respect to physical settlement are as given below.**

The following positions in respect of contracts identified by Exchange shall be physically settled:

**Unexpired Futures**

1. Long Futures shall result into a buy (Security receivable) Positions.
2. Short Futures shall result into a Sell (Security deliverable) Positions.

**In-the –Money Call Options**

1. Long Call exercised shall result into a buy (security receivable) positions.
2. Short Call assigned shall result into a sell (security deliverable) position

**In –the –Money Put Options**

1. Long Put exercised shall result into a sell (Security deliverable) positions
2. Short Put assigned shall result into a buy ( Security receivable ) Positions

The quantity to be delivered/ received shall be equivalent to the market lot \*  
Number of contracts which result into delivery settlement.

The delivery settlement obligation shall be computed at the following prices :-

Futures – Final Settlement price of the futures contract

Options – Strike Price of the respective option contract

**Physical settlement shall be effected on Expiry+1 day.**

Post expiry, positions which are converted to physical settlement, margins as applicable in Capital Market segment (i.e. VAR, Extreme Loss Margins, and Mark to Market margins) shall be applicable and levied as delivery margins.

Kindly refer to Guidelines issued by NSE wide Circular reference no.0008/2023 , download reference no: NCL/CMPT/55330 Dated 20.01.2023 ( Enclosed herewith ) for net settlement of Capital Market and Future and Options (FO) Segment up on expiry of Stock Derivatives which is effective from March 2023 Expiry of FO Contracts.

Failure of the seller to deliver securities shall result in auction for the shares by Clearing Corporation as per auction schedule declared periodically. The auction amount shall be charged in case of short delivery of shares. Failure to procure shares in auction in market shall be closed out. Please note that NIRMAL BANG RMS will reserve rights to square off open position in Stock Futures / Option's which has been mandated by Exchanges for physical settlement, at least 2 days before expiry day.

**Also all open position in such contract's will be on-square off mode on last day of expiry on Thursday from 11.00 AM, NBSPL block the current month expiry contracts to create new positions , Client can only square off existing positions after blocked the contract on ODIN/ SYMPHONY/GREEK Software .** Hence for every expiry NIRMAL BANG RMS will reserve the right to square off open positions in Stock Futures / Options as at least 2 days prior to expiry day (last Thursday of every expiry).

Kindly take adequate care while trading in options as in case of illiquid contract it will be difficult to square-off position which may result in physical settlement.

In case NIRMAL BANG RMS is unable to square off, then such contracts will be physically settled and client will be required to honor the securities and funds settlement obligations resulting out of such settlement as per exchange circular.

#### **Physical settlement of commodity contract.**

1. Contracts would be blocked for trading five days prior the staggered delivery/ Tendered period.
2. If the buyer wishes to convert the position to physical delivery, the entire value of the contract would be required. In case the amount is not supplied, Nirmal Bang reserves the right to liquidate the contract without allowing converting to physical settlement.
3. Based on the criteria specified in the SEBI Circular, Exchange shall identify Commodities which shall be settled through devolvement of Future Contract contract. Commodity option contracts pertain to devolvement will be blocked for the trading on Current Month Expiry day at 9.00 pm (Only squared off allowed for current month expiry options). Positions which are open in commodity options to those Clients, intimation being sent on expiry day regarding square off the same. If the positions are not squared off before 30 minutes of market closing time then RMS team will initiate square off on best effort basis and on available liquidity irrespective of the client margin deposit lying with Member. If, however position is not squared off for any reason whatsoever beyond our control, Client shall be solely responsible for the losses and penalties , if ,any , levied by Exchange thereon .

#### **Peak Margin**

With reference to SEBI circular SEBI/HO/MRD2/DCAP/CIR/P/2020/127 dated 20th July 2020, Peak Margin would be introduced in Equity, Commodity & Currency segment from 1st December 2020. Following are the guidelines for collection of upfront margin from clients in Cash & Derivative segment:-

1. SEBI circular Exchanges/ Clearing Corporations have mandated trading members to collect applicable margins from their clients/ constituents in advance of the trade for all the segments i.e. Equity, Commodity & Currency.
2. NBSPL shall have to report the margin collected from each client for EOD as well as Peak margin during the day.

a) EOD margin obligation of the client shall be compared with the respective client margin available with the Member at EOD.

b) Peak margin obligation (Highest) of the client, during the day, shall be compared with respective client peak margin available with the Member during the day.

**Higher of the shortfall in collection of the margin obligations at (a) and (b) above, shall be considered by Exchange for penalty calculations.**

1. In cash market the peak margin will be applicable till T+1 till pay in for the delivery positions.

2 Peak margin file will be sent by exchanges 4 times in a day at random time schedule, the maximum margin in any of the these files will be considered as peak margin for the day and margin will have to be complied based on the peak margin or EOD margin which is higher.

#### **Exemption in case of Early Pay in of securities accepted by Clearing corporations (CC) during the day .**

NBSPL will not collect upfront margins, for which early pay-in of securities/funds is made by TMs/CPs to NBSPL on the date of execution of the transaction. In case of EPI to Clearing Corporation, the sale value of such securities, as reduced by value of the upfront Margin (i.e. VAR + ELM component), exempted in CM segment due to such EPI, shall be available as Margin, for other positions across all the segments up-to T+1 end of the day. For availing margin benefit against early pay-in to Clearing Corporation, NBSPL will provide details of the TMs / CPs / clients for whom the early pay-in has been made to the Clearing Corporation.

#### **Additional Risk Management Policy w.r.t. SEBI Circular No.**

**CIR/HO/MIRSD/DOP/CIR/P/2019/75&CIR/HO/MIRSD/DOP/CIR/P/2019/95.**

#### **Right to sell clients securities or close client's positions, on account of non-payment of clients dues**

NBSPL shall be entitled to liquidate/close out all or any of the clients position including securities held in "Client unpaid securities account" as well as "Client securities pledge with Member accounts" towards margins for non-payment of margins or other amounts including the pay-in obligations, outstanding debts etc. and adjust the proceeds of such liquidation/close out, if any, against the clients liabilities/obligations. In such event client shall be solely responsible for all the losses and also liable for all and any penalties and charges levied by the exchange(s). Prior intimation in this regards will be communicated to Client.

NBSPL may transfer all or part of the securities from Pool account to client's beneficiary account in spite of having debit balance in Client account.

If buyer fails to meet his/her/its fund obligation by Settlement day, the securities will be transferred to the buyer's demat account along with the creation of an auto – pledge in favour of NBSPL Client unpaid securities Pledgee Account (CUSPA) account. If the client fulfills the fund obligation within 4 trading days from the payout day (T+1+3), the pledge will be released and the securities will be available as free balance in the Client's demat account. NBSPL shall have the right but not obligation to Sell clients securities or close out client's position.

### **Deregistering a client:**

NBSPL may de-register the client account based on action taken by SEBI/NSE/BSE/ Depositories or being part of list of debarred/ defaulter entities published by SEBI or any other relevant agencies .

NBSPL may also initiate action for deregistering a client / Block trading account of a Client on basis of information found in sites of CIBIL or legal matter or client having suspicious back ground, link with suspicious organization, etc.

NBSPL shall have right to close out the existing positions; sell the collaterals to recover its dues, if any, before de-registering the client.

NBSPL may freeze the shares of the client where it deems prudent, at time of de-registering a client. This risk assessment and management policy shall subject to change and modification, if needed, considering the dynamics of operations, business plans and strategy of managements from time to time.

### **Graded Surveillance Measure (GSM)**

SEBI and Exchanges in order to enhance market integrity and safeguard interest of investors, had introduced GSM. The main objective of these measures is to, Alert and advice investors to be extra cautious while dealing in these securities and advice market participants to carry out necessary due diligence while dealing in these securities. Further, SEBI and Exchanges, have also advised that along with the aforesaid measures there shall be additional Graded Surveillance Measures on securities which witness an abnormal price rise not commensurate with financial health and fundamentals like Earnings, Book value, Fixed assets, Net-worth, P/E multiple, Market Capitalization etc. The list of such securities identified under GSM shall be informed to the market participants from time to time and shall be available on the exchange's website.

Additional Surveillance Deposit (ASD) is an amount paid only in the form of cash on securities of companies falling under the GSM Stage II and higher . It is retained for a minimum of one month or until the quarterly review of the GSM Stage Securities , whichever is earlier . It is released if the security moves to GSM stage I after review . Release is done on a monthly basis ( on the second calendar Monday ) . It is charged to the buyer (even if they engage in another Sell transactions in the said Security ) . It is not charged to the seller. It is not refunded or adjusted , even if the purchased securities are sold before the quarterly review. The sale is not considered for any exposures as well . ASD is charged over and above existing margin or deposit requirements levied by the Exchanges on transactions in such companies .It is released on a monthly basis on the second calendar Monday of the second month or until the exit of the security in the review of the Surveillance stages , whichever earlier .

## **Additional Surveillance Measure (ASM)**

SEBI and Exchanges in order to enhance market integrity and safeguard interest of Investors , have been introduced various enhanced pre-emptive Surveillance measures such as reduction in price band , periodic call auction and transfer of securities to trade to trade from time to time .

In continuation to various Surveillance measures already implemented, SEBI and Exchanges, pursuant to Joint Surveillance meetings have decided that along with aforesaid measures there shall be Additional Surveillance Measures (ASM) on securities with Surveillance Concerns based on objective parameters viz. Price / Volume variation, Volatility etc.

- High low variation
- Client Concentration
- Close to Close Price Variation
- Market Capitalisation
- Volume Variation
- Delivery Percentage
- No.of Unique Pans PE , etc.

Circular or Insider trading is strictly prohibited, action shall be initiated against any trade resulting in to price rigging.

NBSPL shall not be responsible for non-execution / delay in execution of orders in restricted scrips and contracts and consequential opportunity loss of financial loss to the Client . NBSPL shall have the discretion to place such restrictions , notwithstanding the fact that customers has adequate credit balance or margin available in Client account or Client had previously sold such securities / contracts through NBSPL Itself . NBSPL has the right to revise the list of such Securities / Contracts on a periodic basis. NBSPL shall adhere with the SEBI /Exchanges specified norms and accordingly deals with the Clients

### **NIRMAL BANG SECURITIES PRIVATE LIMITED (NBSPL) (TCM –M51020)**

Requirement with respect to the Trades cleared by the TCM (NBSPL ) for Trading Member and Custodial Participants as required by the NSE circular dated 10.07.2020

Monitoring pay in timelines by the TMs: Ensuring and monitoring that the Pay in are timely receipt from the Trading Member.

In case of any Shortfall or of repeated Instances, the same shall be escalated to the Compliance Officer and Managing Director and shall be treated as per companies RMS Policy.

Monitoring penalties levied to clients of the Trading Members:

To check and analyze the penalty if any levied on the client of Trading Member and TM also , and the steps taken by the TM for the same. ( penalties will be passed on according to SEBI /Exchanges norms) .

Monitoring misuse of client collaterals by TM for proprietary trading:

Ensuring that the TM has proper segregation for his Own and that of client funds and that the same is not comingled and misutilised for own purpose.

Assessing the Correctness of data submitted by TMs to CM:

Assessing and ensuring that the correct data has been submitted by the TM to the company before making any submissions to the respective exchanges and CC.

**Inspection of TMs:**

The company may carry out the surprise inspection of the TM as such or based on any rumours or any news etc. or May relied on the Half Yearly Internal Report which is submitted to the respective exchanges by the TMs.

Formation of Risk Management Committee:

Forming the Risk Management Committee to monitor the various risk involved in the business and how to mitigate the same and also Periodic Report (on quarterly basis) shall be submitted to such committee for the clearing activities been undertaken for the clients

Reporting of alerts by Clearing Members:

In case of any suspicious transactions, the company shall report the same to the CC who in turn if require shall be reporting to the respective exchanges and FIU .

Internal Audit of Clearing Members:

The company shall be monitoring the activities w.r.t that of TMs and CP of whom the clearing activities are undertaken and in case of any defaults or non – compliance observed, the same shall be escalated to Compliance officer and Managing Director for further course of action.

On Periodic basis, the performance evaluation of the TMs and CMs shall be carried our not later than that of quarterly basis.

In case of any shortfall observed in margin reporting margins on Consolidated Crystallized Obligation or governance issues etc. or any repeated instances of the same w,r,t TMs and CPs, the company shall ask for the additional data and to update the same to Compliance Officer, Managing Director and CC for the same. In our case we are TCM but no trading member are associated with us, only Clients with CP Codes are clears trades through us. So RMS Team monitors position of Clients , Margins , Cash and Collateral available with us , Shortfall in Margin if any , RMS team calls Clients / Branches / AP / region for Risk Monitoring .

Ensuring that there is proper procedures and clear segregations of Trading Members Prop account and that of client account of the respective trading members. Further, ensuring that the TM has proper segregation for his Own and that of client funds and that the same is not comingled and mis-utilised for own purpose.

The company on periodic basis shall carry out the inspection of TMs or shall rely on the Half Yearly Internal Audit Report of the Trading Member.

As per internal policy, the company shall have cap w.r.t collateral in the form of securities and that of Cash (BG, FD and normal Cash balance) to 50:50 for the clients other than that of Group company clients, to avoid concentration risk.

FDR and BG shall be accepted from the TMs in the favour of the company from all the schedule banks.

Only client stocks appearing on the approved list of NSE and BSE (after removing the illiquid scrips as appearing on NSE and BSE (Illiquid list) shall be considered for margin purposes. However, the Risk Head can decide any specific inclusion or exclusion from the collaterals based on exceptional circumstances by giving prior approval in writing.

The company shall be accepting the collateral in the form of cash and non-cash form (i.e in the form of FD, BG, Securities, Cash etc.) as per the internal policy of the company and that as minimum ratio as prescribed by the respective exchanges. In any case, cash component should not be less than 50 %.

The Company shall be applying the haircut for each scrip shall be applied on the basis of VAR Margin Rate declared by the exchange from time to time for the all collaterals other than that of FD, BG and Cash collateral.

Ensure that the collaterals received are from the client's designated DP account and not from third party.

In case of non-receipt of Initial Margin and Peak margin or margins on Consolidated Crystallised Obligation / short receipt of Initial Margin and Peak Margin or non-receipt of MTOM loss, square off the position after consulting Managing Director / Compliance officer / authorized person & recover the dues from client.

Further, the company shall submit the compliance w.r.t. above mentioned points including in case if there is any shortfall of TMs/CP level above 5 Lacs, the same shall be reported by the CM to CC within the time lines as prescribed by the CC. Also, the company shall be allowed to invoke the pledged securities in case of any clients having debit balance.

Generally, Client should be restricted to trade in penny stock. However, if the clients are allowed to trade in penny stock like in T, TS and Z group, 100 % margin shall be charged or recovered from the client as per discretion of RMS team and ensure that these stocks are not counted for giving exposure to the client. Further, the management shall have the ultimate authority and can restrict the client for doing trade in particular securities including penny stocks. Ensure that there is regular monitoring of clients' accounts who has been given collateral in the form of single stock.



In case of any further queries or assistance please feel free to contact to RMS Team or mail on [rms@nirmalbang.com](mailto:rms@nirmalbang.com)

Team RMS and Compliance

Nirmal Bang Securities Private Limited. SEBI Registration No. INZ000202536

Reviewed on 20.01.2025