NIRMAL BANG SECURITIES PVT LTD (NBSPL)

Member BSE , NSE , MCX, NCDEX and MSEI

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 amount of funds and /or securities that must be pledged by a client in favour of Member account in order to allow trading in Cash, F&O, Currency Derivatives and Commodity market.

6. Certain types of margins that are required to be collected from the clients on upfront basis and others margins are to be collected on T+1 basis 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

In Cash Market minimum 20% margin is required to be collected from clients before execution of trades.

ii. Derivatives Market (F&O Segment)

- Initial Margin (Total of SPAN margin requirement +Buy Premium+ Assignment Margin (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 / GSM/ESM / Margin Charged under scrips traded in Periodical Call Auction –in Equity and Derivative Segments as applicable.

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, and 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
- Mark to Market
- Exposure Margin
- Additional Margin
- Additional Cash Margin
- Concentration Margin
- Tender Margin /Delivery Margin/ Devolvement 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.

i. Cash Segment

a. In cash market, VAR based (Minimum 20% Margin) 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 approved 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.

ii. **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. Clients are required to maintain a minimum of 50% margin in cash, with the balance allowed in the form of approved securities or commodities. The margin composition is reviewed on a client-to-client basis

iii. **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. Clients are required to maintain a minimum of 50% margin in cash, with the balance allowed in the form of approved securities or commodities. The margin composition is reviewed on a client-to-client basis.

8. Client should not be permitted to trade in penny stock and other stocks as surveillance measures of Member. However, in exceptional circumstances if a client is permitted to trade in such stock like in T,XT,M,MT,P 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 form doing traded in particular securities including penny stocks.

10. It has to be ensured that banned scrip's , illiquid or T,XT,M,MT,P and Z group 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.

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 Delayed Payment Charges not exceeding 2% Per month for short fall Cash amount.

13. Only client stocks appearing on the approved list of NSE, BSE & MCX , NCDEX , MSEI (after removing the illiquid scrips as appearing on NSE, BSE and MCX, NCDEX , MSEI (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 per Exchange guideline. 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 in few categories.

15. **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 sell / outstanding sell
(-)MTF Shortfall
(-) Shortfall amount to cover margin cushion of 153%

16. **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 .

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 increase 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 , else Clients will not allowed to take further new position as prescribed by SEBI.

Mechanism of Fund Collection in Derivatives and Commodity segment

22. 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.

23. In Derivatives and Commodity segments position shall not be allowed to be carried forward in cases of Short margin.

24. All illiquid contracts shall be blocked for trading in Derivatives and Commodity segments as per RMS policy.

25. 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.)

26. Branch Manager/Relationship Manager shall collect MTM margin immediately on T day or on T+1 day as prescribed by Exchanges.

Intimation to Clients :

27. Regular intimations of debit, information about 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 / reverse or Credit to client wrongly debited amount. This reflects a fair practice in Risk Management policies, ensuring that clients are not unfairly penalized and that any error is rectified promptly. It also builds trust and ensures compliance with regulatory and ethical standard.

Margin Reporting

28. For End of day margin requirements, clear ledger balance as on date will be considered

29. MTM Loss, other Margins, Delivery Margins are required to be collected till T+1 as per Exchange guidelines.

30. Valuation of 100 % EPI Securities on T Day , will be considered for Margin Reporting

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

32. In case of peak margin requirement to be collected, peak ledger and peak securities will be considered for Margin Reporting.

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

Giving Exposure to the clients

34. 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.

35. 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 depositories 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 / Commodities to the Clearing Corporations. In case the client defaults NBSPL shall be entitled to invoke securities /Mutual fund Units / Commodities pledged by the client.

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

36. 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), Valuation of EPI amount

37. Limit may be revised / reduced on receipt of news from market (market wise, client wide or security wide, if any), high volatility in the market etc.

38. 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.

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 and Commodities 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

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

B. Capital Markets

47. 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.

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

C. F&O, Currency & Commodity Segment

49. The client has either failed to make the payment for Mark-to-Market (MTM) loss on T+1 day or has been unable to honour intraday loss obligations on the existing position on T day.

50. Auto square-off of applicable intraday positions shall be carried out in accordance with the Company's prescribed policy.
For detailed guidelines, applicable timings and procedures please refer to the **Auto Square-Off Policy (Timer Based)** available on company's website.

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

51. NBSPL will impose/collect penalties from Clients as per Exchange regulations in Cash, Derivatives, Currency and Commodity segment. Kindly refer NSE Circular No. 69/2024 dated 01.10.2024 bearing download reference no. NSE/INSP/64315.

52. 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 or Clients cheques are not honoured or not presented in Bank for clearing .

Further exposure not allowed as per SEBI Circular

53. Further exposures not allowed to client if the debit continues (T+1+5) as per SEBI/ Exchange Circular.

Other Norms

54. 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 Lakhs or in excess of 7 days shall be separately monitored by Risk Team.

55. 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.
- Disallow scrip to trade.
- Disallow client to take exposure (based on news).
- Provide Margin calls to clients after valuing their portfolios.
- Increase the Margin rate.
- Liquidation of positions.

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

NBSPL may transfer the unpaid securities or partially paid securities from pool/ Client Unpaid Securities Pledge account / or directly to Clients demat account (Auto Direct Pay Out) or on request made by Client and thereafter collect the dues from the Client in accordance with the discussions/consent with the Client. Clients who are having debit balances and stock lying in client Demat account and we are having POA / DDPI of Client, Member send file to NSDL and CDSL to initiate SMS to pledge the Securities in favour of Member account. If the same is not confirmed by Client, RMS Team is follow up with Client / Branches / Relationship Manager/ Regional Head to confirm pledge request from client to cover debit balance of Client. Member accepts non approved Securities for RMS Coverage purpose only and on un-approved stock Member will provide any trading limited on case to case basis duly approved by RMS Head.

57. **Physical settlement of derivatives contract**

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.

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) positions.

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 RMS will reserve rights to square off open position in Stock Futures / Option's which has been mandated by Exchanges for physical settlement on 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 Front end trading software. .

Hence for every expiry RMS will reserve the right to square off open positions in Stock Futures / Options on expiry day (last Tuesday/Thursday of every month).

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 and it may incurred huge losses.

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

58. **Physical settlement of commodity contract**

Commodity contracts would be blocked for trading 3 days in case of NCDEX Contracts and 5 days in case of MCX Contracts , prior the staggered delivery/ Tendered period .

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 provided , Nirmal Bang RMS reserves the right to liquidate the contract without allowing converting to physical settlement by intimating to client.

Based on the criteria specified in the SEBI Circular, Exchange shall identify Commodities which shall be settled through devolvement of Future Contract. Commodity option contracts pertain to devolvement will be blocked for the trading on last day of the current month Expiry day at 9.00 pm (Only square 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 60 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.

59. **Restriction on Fresh Short Selling During Tender Period – NCDEX Contracts**

Reference: NCCL Circular No. NCCL/Clearing-04/2021 date April 27,2021 regarding delivery default norms.

With effect from the commencement of the tender period, clients shall not be permitted to create fresh short positions in NCDEX contracts unless adequate proof of availability of deliverable commodities or satisfactory delivery arrangements is submitted and verified as per applicable compliance/risk requirements.

This measure is intended to mitigate delivery-default risk and consequential penalties prescribed by NCCL.

60. **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, Derivative, Commodity and Currency segment from 1st December 2020. Following are the guidelines for collection of upfront margin from clients in Cash & Derivative segment:

i. SEBI circular Exchanges/ Clearing Corporations have mandated trading members to collect applicable margins from their clients/ constituents in advance or before the execution of the trade for all the segments i.e. Equity, Derivative, and Commodity & Currency.

ii. 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

   AND

   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.

Peak margin file will be sent by exchanges 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 shall be available as Margin to further exposure to clients.

61. **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 margin pledge securities account" as well as "Client unpaid securities Pledge Account (CUSPA) account." 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.

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 fulfils the fund obligation within 4 trading days from the pay-out day (T+4), 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 if the same is not cleared by Client with in time line prescribed by the Exchange.

62. **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.

63. **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.

64. **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 Capitalization
- Volume Variation
- Delivery Percentage
- No.of Unique Pans

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

66. 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 analyse 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 mis-utilized 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 are 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 RMS 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, 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 Lakhs, 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 that 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

Team RMS and Compliance
Nirmal Bang Securities Private Limited