

Shree Naman Securities And Finance Pvt Ltd.

Risk Management & Surveillance Policy

1. Preface

Risk Management is an integral part of any organization. We need to deal with various kind of risk like Credit Risk, Market Risk, Default Risk, Liquidity Risk and other Risk.

In Securities Market, customers have to be alerted with respect to their obligations, open positions, market conditions, margin requirements, regulatory requirements and steps initiated by brokers in case of changing market situations.

With a view to enhance customer knowledge and safeguard the investor interests, Shree Naman Securities and Finance Pvt Ltd. have maintain a comprehensive and broad Risk Management & Surveillance (RMS) Policy to make sure that customers are aware of criteria based on which Shree Naman Securities and Finance Pvt Ltd. monitors risk and initiates actions to safeguard the interest.

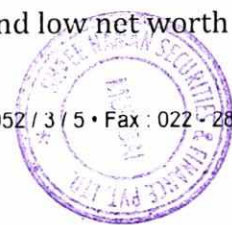
Major parameters of RMS Policy are mentioned below :

2. Defining Client Exposure Limit

CashSegment :

Exposure consist of both purchase and sale transactions of shares & securities. A purchase transaction includes buying of securities and it remains as exposure till client gives full payment for the shares bought. A sale involves a share delivery obligation to the exchange and it remains an exposure till the client delivers the shares. Exposure means the aggregate of the outstanding purchase and sales.

Exposure limit of the client will be set on the basis of available base capital as defined below. The limits may be allowed on a multiplier basis to the available base capital depending on the market conditions and the risk perception about the market by the client. However in exceptional situations Shree Naman Securities and Finance Pvt Ltd. may use its own discretion in providing the limits and may change for a client having high net worth and low net worth or



for all depending on market conditions.

F&O Segment :

Derivative segment is a margin driven segment. Margin is to be collected as per the requirement of the exchange i.e. SPAN margin + exposure margin + additional margin (as any made applicable by the exchange). In case of panic market additional margin can be collected from the client by looking at market conditions.

Shares acceptable as collateral – only approval list of stocks as per exchange for F&O margin will be accepted after a haircut applicable as per exchange. The stocks which are not in the list of exchange defined illiquid scrip we will not accept those stock as collateral.

Further to fulfill the exchange margin requirement Shree Naman Sec & Fin Pvt Ltd may ask the shares equivalent to margin requirement or to maintain sufficient deposit from client.

Scripwise Exposure Limits :

Cash Segment

To keep in mind the surveillance measures and also to stop unusual activities in illiquid stocks,
scrip wise limits is set.

Other Surveillance Actions :

i) Refusal of order for penny stocks/ illiquid contracts :

SHREE NAMAN SECURITIES AND FINANCE PVT LTD. may refuse or restrict a client in placing the order in certain securities depending on various conditions like volume/value/part of illiquid scrip's/BE group/ Z group of securities although a client may have credit balance or sufficient margin in the trading account. List of such scrip's will be reviewed on a periodical basis. However SHREE NAMAN SECURITIES AND FINANCE PVT LTD. under exceptional circumstances may execute clientele order SHREE NAMAN SECURITIES AND FINANCE PVT LTD. has the discretion to reject execution of such orders based on its risk perception.

In case of F&O segment, all the far Month Option contracts and third Month Option Contract (Except Nifty) will not have buy and sell limit due to its illiquid nature. However in all above cases if client still wish to trade then the client needs to coordinate with the respective branch and the limit will be set by Head Office after analyzing the requirement.



ii) Regulatory conditions under which a client may not be allowed to take further position or SHREE NAMAN SECURITIES AND FINANCE PVT LTD. may ask the client to close the existing position of the client.

In case overall position is a scrip/derivatives contract has reached the Regulators prescribed exchange limit/ Market wide open interest limit/ client level limit, then client may not be allowed to take further position, till such time Regulators prescribed limit comes down to create a new position.

Further SHREE NAMAN SECURITIES AND FINANCE PVT LTD. may ask the client to close the existing position to the extent of debit balances.. In case if SHREE NAMAN SECURITIES AND FINANCE PVT LTD. has sufficient margin cover on behalf of its clients, it may still decide based on the market conditions and risk perception, not to allow further position.

iii) PMLA Guidelines :

Client will be categorized as High, Medium and Low risk customer as per their risk appetite and their current profile as mentioned in Know your client from (KYC). The same is reviewed at regular intervals.

Exposure to client may also be governed by customer profiling mentioned above as well as clients financial income made available to SHREE NAMAN SECURITIES AND FINANCE PVT LTD. from time to time. Following documents will be accepted as a income proof

- ☑ Copy of ITR Acknowledgement
- ☑ Copy of Annual Accounts
- ☑ Copy of Form 16 in case of salary income
- ☑ Net Worth Certificate
- ☑ Salary Slip
- ☑ Bank account statement for last 6 months



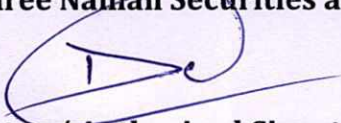
- ☐ Copy of demat account Holding statement
- ☐ Any other relevant documents substantiating ownership of assets.

If there is a major disparity between financial details and trading volumes, client will be asked to furnish suitable explanation and based on the same further trading limits will be sanctioned.

iv) Suspension of Clients:

SHREE NAMAN SECURITIES AND FINANCE PVT LTD. may withhold the payout of client and suspend his trading account due to any regulatory orders.

For Shree Naman Securities and Finance Pvt. Ltd.


(Director / Authorised Signatories)

