RMS POLICIES & PROCEDURES

Risk Management Policy:-

1. 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

   Category of Margins Very Low 15%, Low Risk 20%-30%, Medium Risk 40%, High Risk 60% & Cash & Carry 100% has defined.

2. To cover the above different types of risk ,various types of margins are required to be collected from the clients to allow to trade and also to minimize the risk arising to member when there is sudden down fall in the stock market

3. 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 both Cash and Derivatives markets .Certain types of margins are required to be collected from the clients on upfront basis and others as per his trading practice and requirement of the Exchange.

   Scrips margins are primarily based on factors: VaR margin, Exchange Volume, Exchange Group

4. Types of margins with their terminology in both cash and derivatives markets including currency derivatives 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+Assignment Margin)
- Exposure Margin
- Premium Margin
- MTM

(iii) Currency Derivatives Market
- Initial Margin
- Exposure Margin
- Premium Margin • MTM

5. Margin/Deposit based limits are assigned to the clients for trading purpose. Limits are set at (1x) of Margin received from the client. Margins are blocked at scrip level on the position taken by the clients as per scrip category For Derivative segment – Initial (SPAN) + Gross Margin (as per exchanges)

6. However other factors like trading numbers and volumes, market capitalization, profits, track records, shareholding patterns, dividends etc.

7. According to the new regulations by SEBI, effective 1st August 2022, the cash collateral ratio for an order must be at least 50:50 for all your trades. This means that at least 50% of the order's value must be paid using cash, and the remaining can be in the form of non-cash collateral (pledged securities) as per exchange approve stock.

8. When using collateral margin to trade, the client must have 50% of the margin requirement in cash or cash equivalents. If not, Interest will be charged at 0.04% (4Paisa) per/day on the cash component funded by Comfort Securities

Limit & Square off Policy:

- Limit will be provided on the available margin and on the applicable margin (VAR+ELM) of the respective stock. Upfront margin is required for all types of trades.
- Exposure would be granted only on cleared funds. In case of receipt of cheque, limit would be granted only upon clearance.
- No limit will be provided on the shares lying in the respective client DP a/c and also on trade to trades stock.
- No limit will be provided on shortage of margin.
- No further exposure/ limit will be given if overall margin is below 30%. I.e., no fresh buying will be allowed.
- No fresh buying limit shall be given on the same day upon the sell of shares lying in the respective Client Demat holding. Limit shall be provided only on next working day.
- 100% of the total applicable margin will be required as upfront margin including intraday trades.
- No limit will be given in case of shortfall of margin.
- M2M credit benefit will be provided for next day trades only.
- In F&O, Currency, and Commodity- Collaterals are required to be maintained strictly in equal proportion i.e., 50:50 (Cash: Securities). Not applicable where in only cash collateral is provided.
- In F&O, Currency, and Commodity- in case where the 50% cash margin is not maintained by the client, then interest on cash margin shortage will be levied from the T Day

Square off Process:-

Scenario.1. T+6 Debit Square off (Daily 2.45 pm)

Shares bought and not paid on T Day, then the shares go to CUSPA (Client Unpaid Securities Pledge account) as per the Sebi guidelines. In case the client does not pay for the shares bought on T Day, then on T+6 day we liquidate those shares pledged marked in CUSPA

If client does not make payment in T+5 days then stocks will be square off on 6th Working day from the date of purchase up to debit amount of the clients.

Scenario. 2. Intraday Square off (Daily 3.20 pm onwards)*

- All positions (Cash and derivatives) which are created as an INTRADAY trade will be squared off after 3.20 pm. This includes all types of intraday products i.e. Cover Orders, Bracket Order and Stop Loss Orders.

- Every day at 3.19 pm the system shall automatically stop allowing any further intraday order. Our Risk Management system first removes all pending orders and then squares off all Intraday Orders. Customers can view all their squared off orders on their Mobile app or Trade Station Web.

Dealing in Illiquid/Restricted Scrips:

- Stocks which appear in the list of illiquid securities issued by the Exchanges every Quarter are considered penny stocks. These 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, Comfort Securities has reserves the right to refuse to allow trading and/or provide limits on penny stocks.

- Circular or Insider trading is strictly prohibited. Action shall be initiated against any trade resulting in price rigging

- Sell against buying stocks: Clients are cautioned to wait until stocks they have purchased have been delivered before selling them. In case he buys a stock and sells it a day later, the two transactions won't net each other out since delivery occurs after T+1 days. The second transaction would be considered a short pay-out of security and CSL will not be responsible for any short pay-outs.
- Policy for GSM Securities: In GSM securities the Company would be blocking of 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

- No fresh Buy positions will be allowed in the options expiring during the last 30 minutes of normal trading hours on the expiry day, clients will only be allowed to square off their existing positions. The above system changes is for the benefit of the client and Comfort Securities is not responsible in any case the client turns out to be in loss due to MTM or expenses like STT, turnover charges etc. Any big value transactions are checked for whether the client is trading beyond ones' known income (i.e. in-come declared in the client's KYC document).

SCRIP Category Based Limit:

1.) On MTF Scrip (NSE Approved) shares may allow to buy as per margin multi based value.

2.) On unapproved stock which is not used in MTF, will allow to buy at one time value of available fund in account.

3.) Only MTF scrip are allowed to hold in T+5

SYSTEM OF PAYIN FUNDS: Clients can transfer funds into the Trading Account only from such bank accounts which are registered with Comfort. 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. Clients can request trough back office for modification or addition of any new Bank details.

Comfort Securities shall not be liable for any loss arise due to RMS selling on non-payment as well as loss in case where RMS Selling may not be done as mentioned above by RMS due to any reason. Comfort Securities reserves the right to change the above policies any time in general or in particular case within the Exchange / FMC regulations / SEBI regulations / guidelines