

# **Policy on Risk Management**

## **Background**

Risk Management System is a tool to minimize risk so as to obtain a balance between business interest and various types of risk involved in the business, to obtain the desired result.

Risk Management at V MATHRAN & CO PVT LTD is to be done basically at following three stages:

- 1) Pre-Trading
- 2) On Trading
- 3) Post Trading

## **(I) Pre-Trading**

- (A) Before a client commences trading the following steps are to be adhered to and KYC Department is to ensure that the necessary due diligence have been carried out before allotting a code number to a client.
- i) The client registration form has been duly executed and properly documented with required evidences-
    - a) All alteration is duly countersigned by the client.
    - b) PAN to be verified by visiting site of PAN verification site of IT department.
    - c) To ensure that introduction of client has been done by an existing client/employee/Partner/sub-broker(s)/authorized person(s).
    - d) Necessary proofs for Identity and address are taken as per procedure of KYC
    - e) Necessary proof of demat account and bank account or other statements are taken as per KYC registration kit.
  - ii) The documents submitted by client as proofs are to be verified with the original and scrutinized thoroughly. Once the KYC is satisfied with genuineness of documents submitted by client, he authorizes opening new client code.
  - iii) Wherever possible the documents shall be verified by visiting sites of the department/organization issuing it, e.g. PAN can be verified electronically through the official website of Ministry of Finance, Bank Statements can be sent to banks for verification.
- B) After a new client is registered the Manager Risk management analyses the financial capability of the client and then various limits (such as turnover, exposure, MTM etc) are accordingly set. Once such limits are decided, the same is placed in NEAT/ADMIN/or other trading software of the Partnership Firm.

## **(II) On Trading**

Executing of Clients Order-

- a) To verify the identity of the person placing order on stating a client code Identification of allotted client code by the client himself or by his authorized representative

- b) To identify the voice or other identification, if order is placed over phone.
- c) To ensure that exposure limit should not exceed the specified limit.
- d) To send contract notes to the clients within 24 hours and obtain their acknowledgement.
- e) To confirm with client about the trade at the end of trading session.
- f) To retain shares of the clients from whom payment is due, till the payment is received.
- g) To take adequate margin/special permission from the client who wants to increase the turnover limits, from our assessed/ granted turnover limit. Initial margin may also be taken in case of trading in Capital Market Segment, if so warranted

### **(III) Post Trading**

Review of Client payments.

- a) Ledgers should be reconciled with regular intervals or fortnightly as the case may be.
- b) Receive payment only from that banks account that has been disclosed by the client at the time of agreement
- c) Receive/deliver securities from/to DP Account of client registered with us.
- d) Periodic review of the operations and accounts by the compliance officer.
- e) All payments due to client shall be made in accordance with requirements of SEBI/NSE.
- f) Ensure that Contract Notes are issued to the clients within 24 hours and acknowledgement is made.

### **Quarterly settlement of Account**

In case of debit balance in fund account receivable from client, the management shall retain three time of the amount due from securities lying with Partnership Firm

### **Operations and Compliance Requirements**

- a) Requirements of NSE/SEB1 should be complied with.
- b) All circulars should be regularly downloaded and studied and acted upon.
- c) Compliance officer should periodically verify that the workings are in accordance with the adopted procedure.

### **Clients with Online Trading Access - Blocking/Freezing Online Trading**

If any client wants to voluntarily freeze or block online access to trading account, they may inform us using any of the following two modes:

- a) email us at stoptrade@vmathran.com from registered email id
- b) Call at +919088088451 using registered mobile number

Based on the communication received following actions will be taken within timeline stipulated by the exchanges or regulators from time to time:

- a) Validation of the request so received
- b) Issue of acknowledgement of the request received
- c) Freezing/Blocking of the online trading account of the client
- d) Cancellation of pending orders of the client
- e) Issue of confirmation acknowledgement for action points 3 and 4
- f) Along with action point 5, communication regarding re-enablement will be shared which is as follows:
  - a. Reply to the email on stoptrade@vmathran.com as well as call with the registered mobile number on phone no +919088088451
  - b. Once validated, account will be re-enabled
- g) Details of the open positions of the client (if any) will be shared with the client

The timelines for freezing/ blocking of the online access of the clients' trading account is as under: -

- Request received during the trading hours and within 15 minutes before the start of trading – Within 15 minutes
- Request received after the trading hours and 15 minutes before the start of trading - Before the start of next trading session

### **Reporting Process**

Department Head/ Compliance officer are advised to update the modified cases report to the Board / Management on the implementation of the said policy periodically.

### **Approval Authority**

This policy is approved by the Partners.

### **Review Policy**

This policy may be reviewed as and when there are any changes introduced by any statutory authority or as and when it is found necessary to change the policy due to business needs.

The policy may be reviewed by the Managing Partner/CEO and place the changes in policy before the Board at the meeting first held after such changes are introduced.

### **Policy communication**

A copy of this policy shall be made available to all the relevant staff such as dealers, Branch In charge, Compliance Officer, Sub-brokers and Authorised Persons