



AFFINITY SECURITIES PVT. LTD.

Shaila Towers, Room # 903, J1/16 EP Block, Salt Lake, Kolkata – 700091

CIN No. U67190WB2010PTC153468

POLICY ON RISK MANAGEMENT AND SURVEILLANCE

➤ **OBJECTIVE**

The Risk Management Department will manage risk to protect both the Company and its assets and will maintain a proactive, long-term and sustainable enterprise-wide risk management strategy as summarized in the Risk Management Framework.

➤ **RESPONSIBILITY**

Primarily the Risk Management and Surveillance Department will be responsible for effective management of risk and keep the organization free of any uncovered debt. However, the management of risk is a shared responsibility at all levels of the Management.

➤ **RISK MANAGEMENT FRAMEWORK**

- Exposure in Cash Market and Futures & Options Segment should be allowed only on the basis of portfolio valuation of respective clients.
- No Exposure should be allowed to any client in absence of appropriate margin.
- No exposure shall be allowed to client on carrying debit balances beyond T+2+5 trading day.
- Exposure against stocks can be allowed only after appropriate (flat) haircut of respective scrip.
- No client should be allowed to carry on his debit position in absence of appropriate safety margin.
- MTM and other Margin in CM and Derivatives segment is to be cleared on T+1 trading day basis.
- Dues in cash market segment should be cleared on T+3 day. Non Clearance of dues within 3 days will make client liable for penalty for late payment.
- Non Clearance of debit balance on account of unpaid securities shall be squared off within T+2+5 trading days. The method of first-in-first-out (FIFO) shall be applied while squaring off the unpaid securities.
- There should not be any amount outstanding from respective clients beyond 15 days.
- No client should be allowed to carry his / her debit position if the safety margin falls below 20%.
- No client should be allowed to carry his / her positions on the basis of approved collaterals of eligible related person/entity of the respective client.
- There should not be any uncovered dues except due to unforeseen circumstances. For Example – Unexpected big leap in the market, Gap up/down opening due to unforeseen event etc.



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- No Square off of stock should be done without informing to either Branch Manager/ Authorized Person/Client, as the case may be.
- Any uncovered dues should be covered from the Incentive of AP / BM respectively.

➤ **INTERNAL CONTROL POLICY**

Internal Controls are meant to ensure proper implementation of Risk Management Policy. To ensure appropriate risk management, the following control measures are taken on continuous basis:

- Compulsory Square off of open interest or stocks, as the case may be, if the safety deposit falls below 20%.
- Compulsory Square off of unpaid securities, as the case may be, if the debit balances arising out of unpaid securities not cleared within T+2+5 day.
- Winding up of open position in Derivatives segment, if client fails to make good the shortfall amount on T+1 basis.
- Winding up of open positions if intraday loss crosses 80% of portfolio valuation

➤ **LIQUIDATION OF CLIENT POSITION**

We inform the updated portfolio position of every client to directly to them or their respective BM / AP on T Day basis and the BM /AP inform the same to their respective client. This report includes the prospective action to be taken against any client. So, every client is updated either directly or through their respective BM / AP on daily basis. All Square off is initiated with prior information to the respective client or their BM / AP who in-turn inform the same to their respective clients. Initially we insist client or their BM/ AP to square off or cover the open position of defaulting clients and allot adequate time for his action. In case the client or their BM/ AP fails to do so, we do the rest.