

# **Risk Management Policy**

## **Objective**

This Risk Management System (RMS) Policy outlines the framework used by Yashwi Securities Pvt Ltd ("Yashwi" or "the Company") to monitor, control, and mitigate risks associated with client trading activities across all segments of NSE, BSE, MCX, and NSDL. This policy ensures regulatory compliance, financial prudence, and protection of client and firm interests.

## **Exposure limits**

Exposure limits are allotted to the clients on the basis of his available ledger balance and/or margin pledge securities with us. For this purpose, available securities are valued using previous day's closing price. Haircut is then applied, VaR margin rate, to this value. Sum of available ledger balance and residual securities value, after applying haircut, is the Exposure limit of the client for Cash segment. In case of F&O segment, besides the aforesaid items. We accept only those securities which are accepted by the exchange against margin obligation of F&O segment. These securities are also valued after applying proper haircut as instructed by the exchange.

## **Margin limits:**

Aforesaid exposure limit, allotted to client, is subject to VAR, Extreme loss margin and other margins as charged by the exchange. ODIN Software, supplied by 63 Moons Technologies Pvt. Ltd., Greek Software, supplied by GreekSoft Technologies Pvt. Ltd. and XTS Software, supplied by Symphony Fintech Solutions Pvt Ltd are being used by us for trading activities. It contains features to control trading limits at ID level, Client level and Scrip level. Available exposure limit of the clients is updated daily at ODIN, Greek and XTS software servers. On entering the order in the trading system by the client, the trading system (ODIN, Greek and XTS softwares) calculates VAR margin and Extreme loss margin requirement of the entered order and as per available exposure limit allows order to flow to the exchange. If the available exposure limit is not sufficient as per the VAR margin and Extreme loss margin requirement the order gets rejected. RMS team on its own discretion can impose additional Margin or increase the margin and can also increase the haircut on script on its risk preparations.

**Discretions on limits:**

- (i) Yashwi Securities Private Limited has discretion to change the limits on the basis of risk perception and other factors Considered relevant (such as broker level/exchange level limits in specific securities or Income declaration or volume Specific exposures based on surveillance measures)
- (ii) Yashwi Securities Private Limited shall not be able to inform the client of such variation, reduction or imposition in advance.
- (iii) Yashwi Securities Private Limited shall not be responsible for client's inability to execute any order on account of any such variation, reduction or imposition of limits.

**Pay-in / Pay-out of funds and securities**

Pay-in amount of clients is collected at regular basis. If there is debit ledger balance the securities purchased by the clients are not transferred to his De-mat account. If client fulfills his pay-in obligation the securities are immediately transferred to De-mat account of the client. Clients are required to deposit deliveries against their securities pay-in obligation at our pool a/c. In case the deliveries are lying with us, against margin obligation, same are released to the pool a/c well in time. There is a facility of at our DP through which the client executes the Power of Attorney in favor of us to the DP for transfer of the shares from his account to our pool a/c. If the shares are lying at the DP account of the client and the client has executed the power of attorney in our favor, DP transfers the shares from the client de-mat account to our pool a/c. In case of short deliveries, short amount is immediately debited to the client account.

**Monitoring**

Risk management department monitors obligation positions of the clients. In case if there is debit balance in client account and no securities are available with us as margin, concerned group executive informs the broker / remise for collection of the overdue within a time limit. As per the recent circular we do not carry forward the client position in cash segment over 7 days of trading. In case debit continues to the extent of debit balance securities are sold out in the market on any day after T+1 days and for all the debits outstanding for more than T+1 days the company will charge delay penalty. Delay Penalty shall be chargeable as per the rate decided by the management on outstanding debit from the date of debit. In the market event, Yashwi Securities Private Limited has the risk perception that further trading in the securities /contracts may not be allowed to its clients and/or the market for trade or further position.

**The right to sell clients securities or close client's positions, without giving notice to the client, on account of non-payment of Clients dues**

Yashwi Securities Private Limited shall have the right to sell client's securities, both unpaid securities as well as collaterals deposited towards margins, or close out client's open positions, without giving notice to the client where there is a delay /failure of the client to the pay-in obligations and/or there is a failure of the client to bring Margins and/ or additional margins to cover the increase in risk in the market conditions.

Yashwi Securities Private Limited shall not be responsible for any losses and penalties / charges levied by exchanges(s) caused on such square off.

Yashwi Securities Private Limited therefore not be under any obligation to compensate / or provide reasons of any delay or omission on its part to sell clients securities or close open positions of the client.

**Illiquid Contracts.**

RMS shall have absolute discretion to accept, refuse or partially accept any buy or sell order for execution from a client in respect of penny stocks, illiquid stocks, stocks having low liquidity, illiquid "options", far month "options", writing of "options", and any other contracts which as per the perception of YSPL are extremely volatile or subject to Market manipulation. Exchange launches contracts from time to time for trading in derivatives and further the liquidity of these contracts is monitored time to time on the basis of their trading volume and availability of buyers and sellers. Trades of the clients on these contracts are blocked /unblocked at our trading /RMS software accordingly. The Concerned officer will be made responsible to monitor every new launched contract and will be responsible to block the same from its back end immediately. When liquidity comes to these contracts the responsibility of the executive will be to unblock the same for trading purpose and/or if any client willingly to trade in these illiquid contracts, he will immediately refer the matter to its RMS Head. RMS head will permit client after monitoring his trades and volumes and will permit the client to further trade in these contracts with caution. The client itself will be liable for the loss incurred done in such trades and Yashwi Securities Private Limited shall not be responsible for delay in execution of such orders and consequential opportunity loss or financial loss to the client. Yashwi Securities Private Limited shall have the prerogative to place such restrictions, notwithstanding the fact that the client has adequate credit balance or margin available in his account and/or the

client had previously purchased or sold such securities/contracts through Equirus Wealth Private Limited itself.

### **Policy for voluntary freezing of client's online access**

#### **1. Background:**

SEBI vide its circular SEBI/HO/MIRSD/POD-1/P/CIR/2024/4 dated January 12, 2024 and Exchanges vide their circulars dated April 08, 2024 mandated trading members to provide the facility of voluntary freezing/blocking the online access of the trading account to their clients on account of suspicious activities.

The said circular also requires the trading members to frame a policy in line with the framework specified by the Exchanges, which shall be the part of the trading member's Risk Management Policy. The trading members shall disclose the said policy on their website. The said policy shall also form a part of the account opening kit for all new clients on boarded with effect from July 01, 2024.

#### **2. Scope:**

This policy shall be applicable as and when clients require to freeze / block online access to their trading account and subsequently desires to unfreeze the same.

#### **Important points:**

- a. Freezing/blocking is only for the online access to the client's trading account, and there shall be no restrictions on the Risk Management activities of the company.
- b. The request for freezing/ blocking does not constitute request for marking client Unique Client Code (UCC) as inactive in the Exchange records.
- c. This policy shall be informed to all clients and shall also be a part of the account opening kit for all accounts opened with effect from July 01, 2024.
- d. The freeze, unfreeze, issue of communication shall be within the timelines specified by SEBI / Exchanges in this regard.