SHREEYAM SECURITIES LIMITED
Formerly Known As Escort Securities Limited

Risk Management Policy

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1) *Introduction:*

Investment in securities is susceptible to market risks which cannot be predicted. The Account Opening Document contains an explanation of different types of risks our Customers are likely to face in the market. While the risk of loss is inherent in the market, we as your stock broker seek to minimize the risk of loss through a dynamic risk management policy which is an essential feature of our operations. As our customer, it is important for you to be aware of our Risk Management Policy and how the policy would operate to regulate your transactions. It is also important that the Risk Management Policy is not an insurance against losses; these are measures and precautions that are adopted to contain risks to the minimum. The Policy is subjectto change according to our risk perceptions of the market and SEBI / Exchanges regulations for the time being in force.

We understand, that the Company has adopted this policy in its capacity as a SEBI registered intermediary with an objective to mitigate any risks involved in relation to investments made by its clients. However, the policy does not provide for methods to manage any risks arising from its business or the industry in which it operates such as technological, economic and market risks that the Company may be subject to. Risks involved in trading on the stock exchange:

BASIC RISKS –

a) Risk of Higher Volatility: Volatility refers to the dynamic changes in price that a security/derivatives contract undergoes when trading activity continues on the Stock Exchanges. Generally, higher the volatility of a security/derivatives contract, greater is its price swings. There may be normally greater volatility in thinly traded securities / derivatives contracts than in active securities /derivatives contracts. As a result of volatility, your order may only be partially executed or not executed at all, or the price at which your order got executed may be substantially different from the last traded price orchange substantially thereafter, resulting in notional or real losses.

b) Risk of Lower Liquidity: Liquidity refers to the ability of market participants to buy and/or sell securities / derivatives contracts expeditiously at a competitive price and with minimal price difference. Generally, it is assumed that more the number of orders available in a market, greater is the liquidity. Liquidity is important because with greater liquidity, it is easier for investors to buy and/or sell securities / derivatives contracts swiftly and with minimal price difference, and as a result, investors are more likely to payor receive a competitive price for securities / derivatives contracts purchased or sold. There may be a risk of lower liquidity in some securities / derivatives contracts as compared to active securities / derivatives contracts. As a result, your order may only be partially executed, or may be executed with relatively greater price difference or may not be executed at all. Buying or selling securities / derivatives contracts as part of a day trading strategy may also result into losses, because in such a situation, securities / derivatives contracts may have to be sold / purchased at low / high prices, compared tothe expected price levels, so as not to have any open position or obligation to deliver or receive a security / derivatives contract.

c) Risk of Wider Spreads: Spread refers to the difference in best buy price and best sell price. It represents the differential between the price of buying a security / derivatives contract and immediately selling it or vice versa. Lower liquidity and higher volatility may result in wider than normal spreads for less liquid or illiquid securities / derivatives contracts. This in turn will hamper better price formation.

d) Risk-reducing orders: Most brokers have a facility for investors to place "limit orders", "stop loss orders" etc". The placing of such orders (e.g., "stop loss" orders, or "limit" orders) which are intended to limit losses to certain amounts may not be effective many a time because rapid movement in market conditions may make it impossible to execute such order.

i. Market Order - A Market order will be executed promptly, subject to availability of orders on opposite side, without regard to price and that, while the customer may receive a prompt execution of a market order, the execution may be at available prices of outstanding orders, which satisfy the order quantity, on price time priority. It may be understood that these prices may be significantly differentfrom the last traded price or the best price in that security.
ii. Limit Order - A Limit order will be executed only at the "limit" price specified for the order or a better price. However, while the customer receives price protection, there is a possibility that the order may not be executed at all.
iii. Stop Loss Order - A stop loss order is generally placed "away" from the current price of a stock / contract, and such order gets activated if and when the stock / contract reaches, or trades through, the stop price. Sell stop orders are entered ordinarily below the current price, and buy stop orders are entered ordinarily above the current price. When the stock reaches the pre-determined price, or trades through such price, the stop loss order converts to a market/limit order and is executed at the limit or better price. There is no assurance therefore that the limit order will be executable since a stock / contract might penetrate the pre- determined price, in which case, the risk of such order not getting executed arises,just as with a regular limit order.

e) Risk of News Announcements: News announcements that may impact the price of stock / derivatives contract may occur during trading, and when combined with lower liquidity and higher volatility, may suddenly cause an unexpected positive or negative movement in the price of the security / contract.

f) Risk of Rumors: Rumors about companies / currencies at times float in the market through word of mouth, newspapers, websites or news agencies, etc. The investors shouldbe wary of and should desist from acting on rumors.

g) System Risk: High volume trading will frequently occur at the market opening and before market close. Such high volumes may also occur at any point in the day. These may cause delays in order execution or confirmation. During periods of volatility, on account of market participants continuously modifying their order quantity or prices or placing fresh orders, there may be delays in order execution and its confirmations. Under certain market conditions, it may be difficult or impossible to liquidate a position in the market at a reasonable price or at all, when there are no outstanding orders either on the buy side or the sell side, or if trading is halted in a security / derivatives contract due to any action on account of unusual trading activity or security / derivatives contract hitting circuit filters or for any other reason.

h) System/Network Congestion: Trading on exchanges is in electronic mode, based on satellite/leased line based communications, Combination of technologies and computer systems to place and route orders. Thus, there exists a possibility of communication failure or system problems or slow or delayed response from system or trading halt, orany such other problem/glitch whereby not being able to establish access to the trading system/network, which may be beyond control and may result in delay in processing or not processing buy or sell orders either in part or in full. You are cautioned to note that although these problems may be temporary in nature, but when you have outstanding open positions or unexecuted orders, these represent a risk because of your obligations to settle all executed transactions.

i) Risk of Buy today and Sell tomorrow (BTST): BTST refers to the trades where the client buys shares on a trade date (T day) and sells it on T+1 day or T+2 Day before the stock is settled & delivered into Demat account. This facility is provided to clients who may wish to exit / sell the stock before getting delivery from Clearing Corporation, in case of any upward movement in the stock price or for any other reason. For this purpose, clients are provided security sell limits. However there may be a risk since the client sells shares on the assumption that seller from whom the client has bought shares will deliver the shares. In the event of non-delivery of shares in such cases, client"s obligation as a seller for BTST trades will not be met and may face risk of auction penalty. Basis the securities selllimits provided, the clients may sell the stock on T+1 day or T+2 day before the settlement. The balance shares, post the sell transaction if any, are released with the next day execution date (i.e. next day of settlement date) to the client"s demat account. Once the shares are released to the client"s demat account, no securities sell limit will be provided to avoid double selling of shares by the client.

RISKS PERTAINING TO DERIVATIVES TRADING –

a) Effect of "Leverage" or "Gearing": In the derivatives market, the amount of margin is small relative to the value of the derivatives contract so the transactions are 'leveraged' or 'geared'. Derivatives trading, which is conducted with a relatively small amount of margin, provides the possibility of great profit or loss in comparison with the margin amount. But transactions in derivatives carry a high degree of risk. You should therefore completely understand the following statements before actually trading in derivatives andalso trade with caution while taking into account one's circumstances, financial resources,etc. If the prices move against you, you may lose a part of or whole margin amount in a relatively short period of time. Moreover, the loss may exceed the original marginamount.

Futures trading involve daily settlement of all positions. Every day the open positions are marked to market based on the closing level of the index / derivatives contract. If the contract has moved against you, you will be required to deposit the amount of loss (notional) resulting from such movement. This amount will have to be paid within a stipulated time frame, generally before commencement of trading on next day. If you fail to deposit the additional amount by the deadline or if an outstanding debt occurs in your account, Shreeyam may liquidate a part of or the whole position or substitute securities. In this case, you will be liable for any losses incurred due to such close-outs.

Under certain market conditions, an investor may find it difficult or impossible to execute transactions. For example, this situation can occur due to factors such as illiquidity i.e. when there are insufficient bids or offers or suspension of trading due to price limit or circuit breakers etc. In order to maintain market stability, the following steps may be adopted: changes in the margin rate, increases in the cash margin rate or others. These new measures may also be applied to the existing open interests. In such conditions, you will be required to put up additional margins or reduce your positions. You must ask us to provide the full details of derivatives contracts you plan to trade i.e. the contract specifications and the associated obligations.

b) <u>Currency specific risks:</u> The profit or loss in transactions in foreign currency- denominated contracts, whether they are traded in your own or another jurisdiction, will be affected by fluctuations in currency rates where there is a need to convert from the currency denomination of the contract to another currency. Under certain market conditions, you may find it difficult or impossible to liquidate a position. This can occur, for example when a currency is deregulated or fixed trading bands are widened. Currencyprices are highly volatile. Price movements for currencies are influenced by, among otherthings: changing supply-demand relationships; trade, fiscal, monetary, exchange control programs and policies of governments; foreign political and economic events and policies; changes in national and international interest rates and inflation; currency devaluation; and sentiment of the market place. None of these factors can be controlled by any individual advisor and no assurance can be given that an advisor's advice will result in profitable trades for a participating customer or that a customer will not incur losses from such events.

c) <u>Risk of Option holders:</u> An option holder runs the risk of losing the entire amount paid for the option in a relatively short period of time. This risk reflects the nature of an option as a wasting asset which becomes worthless when it expires. An option holder who neither sells his option in the secondary market nor exercises it prior to its expiration will necessarily lose his entire investment in the option. If the price of the underlying does not change in the anticipated direction before the option expires, to an extent sufficient to cover the cost of the option, the investor may lose all or a significant part of his investment in the option. The Exchanges may impose exercise restrictions and have absolute authority to restrict the exercise of options at certain times in specified circumstances.

d) Risks of Option Writers: If the price movement of the underlying is not in the anticipated direction, the option writer runs the risks of losing substantial amount. The risk of being an option writer may be reduced by the purchase of other options on the same underlying interest and thereby assuming a spread position or by acquiring other types of hedging positions in the options markets or other markets. However, even where the writer has assumed a spread or other hedging position, the risks may still be significant. A spread position is not necessarily less risky than a simple 'long' or 'short' position. Transactions that involve buying and writing multiple options in combination, or buying or writing options in combination with buying or selling short the underlying interests, present additional risks to investors. Combination transactions, such as option spreads, are more complex than buying or writing a single option. And it should be further noted that, as in any area of investing, a complexity not well understood is, in itself, a risk factor. While this is not to suggest that combination strategies should not be considered, it is advisable, as is the case with all investments in options, to consult with someone who is experienced and knowledgeable with respect to the risks and potential rewards of combination transactions under various market circumstances.

2) Stock Categorization:

For the purpose of risk management, we categorize stocks listed on exchanges as “Approved”, “Non-Approved” or “Restricted” on the basis of their fundamentals, volatility, liquidity, trading pattern and overall concentration with individual customers. These categorizations form the basis for defining hair-cut on collateral, providing exposure limits, impose trading restrictions, calculate projected risk, prioritize collection, control exchange surveillance related risk, etc.

Note: Based on the internal parameters stock might qualify in a particular category, but management reserves the right to assign any or lower category based on various other parameters mainly liquidity. The list will be reviewed at the sole discretion of company and the revised list will be updated in the client back office login. However, in extremely volatile market condition, or in case of warnings by regulators/exchanges, stocks may be re-categorized without prior notice and the customers shall regularize their accounts and trade accordingly.

3) Dealing in Restricted Stocks:

In order to exercise additional due diligence while trading in these securities on behalf of clients:

Shreeyam shall from time to time classify a list of securities which are restricted based on internal criteria. Shreeyam reserves the right to refuse execution of any transaction requests of the client on such restricted securities or to reduce the open market interests of the client in such securities/ contracts.

Shreeyam also reserves the right not to allow any trades or transactions in respect of certain securities or segments or orders/requests which may be below/above certain value/quantity as may be decided by Shreeyam from time to time.

Client Level Trade:

The Purchase or sell in single restricted stock shall not exceed Rs. 1-25 lakhs per stock per day depending on various internal risk parameters.

Other Mandatory requirements

- Dealing in restricted stock would be allowed to the extent of clear ledger credit balance available.

- Unconciled value of the cheque would be considered provided the entry is made in Back office on T day itself and if the same has been approved / authorized by branch head or Scan copy of the cheque has been mailed to RMS team on rms@Shreeyamindia.com.

- If the Client‟s ledger is showing „0‟ then approved holding pledged may be considered to buy the restricted stock at the discretion of Shreeyam.

- If the approved holding covers the debit balance, if any, may be considered to buy restricted stock at the discretion of Shreeyam.

4) Illiquid Contracts - Restricted Contracts

We are restricting / blocking certain future and options contracts on trading platform to avoid malpractices or erroneous trading. The Parameters on which we are restricting / blocking such contracts are as under:-

- In case of Equity Index Option contracts, if strike price ranges beyond (+,-) 5% of the underlying spot price in all the ITM (In The Money) option contracts;

  Or
- In case of Equity Stock Option contracts, if strike price ranges beyond (+,-) 10% of the underlying spot price in all the ITM (In The Money) option contracts;

  Or
- All equity contracts having expiry more than 3 months;

  Or
- In case of Agro-Commodities, exposure value of per commodity per client above Rs.1 crore and contracts having expiry date beyond current and immediate next one.

  Or
- New position in all commodities contracts in the tender period.

Any contract which falls under the above parameters will be not allowed for trading on terminals in regular course. Such orders can be traded only if RMS department allows to trade after verifying the liquidity and open interest parameters.

Without prejudice to Shreeyam‟s right to restrict/block derivative contracts on the above parameters, Shreeyam may from time to time also restrict client level open interests in any contract(s), in its absolute discretion, depending on its own independent assessment of themarket volatility and/or having regard to any client level/or member level restrictions in any contract(s) prescribed by the market regulators. However, in restricting/blocking derivative contracts, Shreeyam shall be at liberty to prescribe a limit lower than the maximum limit that the regulator may prescribe for any contract(s) from time to time. Further, in order to ensure that the member level limit prescribed by the regulator is not violated in any contract, Shreeyam may also decline further exposure to a client even if the client may not have exhausted the client levellimit otherwise available to him/her.

5) Other restrictions:

In case of bulk / block deal, prior approval from risk & compliance department will be required.

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

Note: Shreeyam shall not be responsible for non-execution/delay in execution of orders in restrictedstocks and contracts and consequential opportunity loss or financial loss to the customer. Shreeyam shall have the discretion to place such restrictions, notwithstanding the fact that customer has adequate credit balance or margin available in his account and/or the customer had previously purchased or sold such securities / contracts through Shreeyam itself. Shreeyam shall have the right to revise the list of such securities / contracts on a periodic basis.

6) Assigning Trading Limits:

Margin/Deposit based limits are assigned to the customers for trading purpose. VaR/SPAN margin specified by the exchanges is blocked at stock level on the positions taken by the clients during the day.

a) Deposit calculation: Deposit is calculated at customer level after netting off ledger balance in all segments.

b) Margin is calculated as follows: Margin = Ledger Balance (Dr/Cr) + Net value after haircut of stocks pledged with Shreeyam.

c) Valuation of stocks: Stocks valuation is done on previous day‟s closing price. Netvaluation is calculated by applying appropriate haircut based on VaR margin percentage specified by the exchanges or Shreeyam prescribed rates, as the case may be.

d) Extreme market conditions: Limits are assigned based on credit in the ledger. In such conditions, clients may be allowed to buy only to the extent of ledger credit available.

e) Single order quantity and value capping: In order to minimize loss from possible punching errors by a dealer while executing the transaction for a customer, risk management of Shreeyam puts restriction by capping the maximum quantity and value per order and orders exceeding that maximum quantity or value cap will be rejected. Shreeyam also sets terminal level limits to contain loss from erroneous trades getting executed. Shreeyam shall not assume any liability in respect of orders rejected by reason of their quantity or value exceeding the cap value.

7) Auto square off process:

a) Risk Square off / Projected Risk Square off: Square off value is calculated on the basis of projected risk and square off is done to the tune of margin available with Shreeyam (as per exchange VaR OR Shreeyam VaR whichever is higher).

b) Calculation of Projected Risk for Auto Square Off: Projected risk = A client is expected to maintain at least 50% of the margin available (as per exchange VaR OR Shreeyam VaR whichever is higher) in order to avoid the projected square off. If the same is not maintained, the client would be qualified for a projected Risk square off and an intimation would be triggered – Client would be given time till the MTM loss reaches 80% of margin to make good the total shortage amount failing which it would be squared off on the same trading day.

c) Action in case of projected risk: Open position (contracts) / holdings (based on the Shreeyam Stock category) will be liquidated / squared off to the extent of total margin shortage (as per exchange VaR OR Shreeyam VaR whichever is higher).

It is a Potential Risk of a client in occurrence of adverse market condition during the day.

Sequence of Square Off:

Sequence of Square off / Liquidation followed: Holdings in the form of securities taken in sequence starting from Approved category stocks followed by Non Approved and Restricted category stocks.

Along with Cash segment i.e. BSE & NSE; the other leverage / derivative segments ledger debits and 50% total margin is considered for calculating projected risk.

It is a Potential Risk of a client in occurrence of adverse market condition during the day.

d) Ageing Debit Square off (T+7):

It is client‟s obligation to clear his/her outstanding dues by T+2 (T indicates Trading day). The client shall ensure timely provision of funds / securities to Shreeyam Securities Ltd. so as to meet exchange obligations. Shreeyam reserves the right to close the positions / sell securities to the extent of ledger debit and /or to the extent of margin obligations.

Selling will be done in clients account on T+7 day for the ledger debit which is more than T+6 days on ageing basis. For e.g.: All trades executed on Monday will be squared off on next Wednesday (T+7) where T indicates Trading day. In other words, if funds are not received for stocks purchased on Monday by next Tuesday i.e. T+6 day, Shreeyam shall liquidate securities to the extent of ageing ledger debit.

Sequence of Square Off:

Square off will be done considering stocks in a sequence of Approved category first, followed by Non Approved and Restricted stocks respectively. Where the client has not submitted the POA for the DP account or the DP account is made inactive, Shreeyam will reserve the right to square off such securities if the funds are not received within 6 days from the date of purchase.

e) Margin Trading Facility (MTF) square off:

The detail of the same is clearly enlisted in the Rights and obligations document.

Applicable minimum initial margin and increased margin, if any, shall be kept provided at all times by the clients in respect of the stocks purchased under the MTF. Client shall pay any shortage in the required margin immediately on receiving demand (margin call) and in any case not later than 8.00 p.m. on the trade day following the day of making the margin call (prescribed time) failing which Shreeyam shall be at liberty to liquidate the funded shares and/or collateral shares to recover the dues outstanding in the account of the Client.

In case of extreme volatility in the market, Shreeyam may demand payment of margin forthwith andprescribed time for making margin payment shall be construed accordingly. Decision of Shreeyam in relation to market volatility shall be final and binding without Shreeyam having to provide any reason for the decision to the Client.

However, during volatile market conditions and there being a situation where there is a significant movement in the market, Shreeyam reserves the right to liquidate the holdings much in advance.

Client can view details of his/her ledger, holdings, margin shortfall etc. via secured login on Shreeyam trading website / mobile app. Regular intimations regarding debit, information about shortage and communication regarding liquidation will be sent through SMS and/or email on the clients" registered mobile number and email address respectively.

Stocks eligible for square off are blocked till square off is initiated in all types of square off.

For a client who has opted for MTF and trades in stocks which are unapproved (not part of Group 1 securities), the outstanding debits will have to be cleared within T + 6 days failing which the aged debit more than the 6th day would be liquidated as per the exchange norms.

Of the above square offs, the priority of the square off would be given to projected risk. At a client level (whether a customer is activated for MTF or is a Non MTF customer) would come under projected risk if 50% of the Shreeyam stipulated VaR margin is not maintained (as explained under Projected risk square off).

8) Margin collection in all segments:

Margin is collected upfront from all clients in all segments.

- In case of derivatives segment SPAN, exposure, additional, pre-expiry margin, delivery, tender margins as levied by exchanges has to be paid up front, and daily Mark to Market losses shall have to be paid latest by T+1 day and any shortages in respect of Margin shall be payable forthwith.

- In case of cash segment minimum 20% of total traded value has to be paid up front, and VAR, ELM margins and daily Mark to Market losses / adhoc / additional margin shall have to be paid latest by T+2 day and any shortages in respect of Margin shall be payable forthwith.

- In case of default to provide Mark to Market losses or Margins accordingly, Shreeyam shall be entitled to square off the open market positions without further reference or notice to the clients.

- In case of extreme market volatility, margins may be demanded on intra-day basis and clients should be able to replenish margins on immediate basis to avoid square off. Where market conditions so warrant, Shreeyam may demand payment by electronic transfer and refuse to accept payment by cheque. Shortage in margin shall attract penalty as may be levied by the Exchange. All losses from daily settlements and losses from square off which are not paid shall be recovered by selling available shares of the client and client shall be liable to pay the remaining balance forthwith.

Note: Stocks categorized Non Approved by Shreeyam (inclusive of BSE & NSE illiquid stocks) will not be accepted as collateral in any segments. Only in case of any exceptions and at the discretion of Shreeyam the same shall be accepted, but not any of illiquid stocks listed by NSE & BSE.

Collateral provided as margins may be restricted as per internal risk parameters to avoid the concentration of a single stock or group of stocks.

Stock Concentration for cash and derivatives segments:

If any debit arises due to stock concentration then client needs to update the funds or transfer other approved securities or reduce the concentrated stock as communicated.

In case of deviation to the above parameters, a time period of 7 days would be given. However, in cases of volatile market conditions or cases where there is abnormal movement in the underlying or due to any other reason where the risk management team feels that the position cannot be allowed to continue, the leeway of the 7 days may be withdrawn and the position may be liquidated.

9) Margin Reporting:

a) For peak and / or end of the day margin requirements, clear ledger balance and shares pledged for margin purpose as on date will be considered.

b) Ledger balance calculation will be done by netting off balances across segments i.e. Cash, Equity F&O, Currency and Commodity.

c) Across all segments, shares pledged with previous day‟s valuation after Shreeyam prescribed haircut, will be considered for margin.

d) Post valuation/calculation of the above, Cash segment will be given first preference and in case of excess margin, the same will be considered for reporting of equity derivatives, Currency derivatives, MCX, NCDEX and then ICEX.

e) All other terms & conditions including levying of margin shortfall penalty will remain as is and in line with regulatory requirements.

10) Intimation to clients:

Client can view details of his/her ledger, holdings, margin shortfall etc. via secured login on Shreeyam website. Regular intimations regarding debit, information about margin shortage with penalty amount (real time margin shortage), communication regarding liquidation is sent through SMS and/or email on the clients‟ registered mobile number and email address respectively.

11) Physical settlements in derivatives segment:

Equity Derivatives:

Till the last day of expiry, if the client wishes to convert the derivatives contract (which are available for trading on Shreeyam platform) into physical delivery; the entire delivery amount / shares will have to be provided along with his/her intention to do the same.

All Futures and Options contract (ITM / ATM / OTM) will be blocked for new position on the expiry day and all Options contract shall be blocked one day prior to expiry for trading.

If the client have any open position in an ITM / ATM option contract during last five days of the expiry then the entire applicable delivery margin would have to be provided in tranches of 10%, 25%, 45%, 70% four days prior in the mentioned sequence respectively as per current regulations and in future as prescribed by regulators. In case the required margins are not fulfilled, Shreeyam reserves the right to liquidate the contract without allowing converting tophysical settlement.

If the client does not give his / her intention of converting open positions in any of the derivative contracts before 12.00 pm on expiry day then Shreeyam reserves the right to liquidate the position and, if any losses arise, it shall be borne and paid by the client only.

Commodity Derivatives:

Contracts would be blocked for trading five days prior the staggered period.

If the buyer wishes to convert the position to physical delivery, the entire value of the contract would be required. In case the amount is not provided, Shreeyam reserves the right to liquidate the contract without allowing converting to physical settlement.

12) Intraday Product Policy:

- Positions created under intraday product would be subject to either client himself squaring off (if done online) OR dealer based square off OR MTM Loss @ 80% of Total Margin (Ledger + Pledged Holding value after Haircut) - Risk Square off OR Time Based Square off.

- Client cannot Carry Forward any positions in Intraday Product.

- All pending orders / unexecuted / partial orders will be cancelled as per intraday product features.

- No fresh orders will be accepted in Intraday after Time based square off.

- Square off Times will be as under for the following exchanges (Derivatives: 3.15 pm, Currency & Agri Commodities: 4.45 pm, Commodities: 11.15 pm (if the market closes at 11.55 pm then the square off time would be 11.40 pm).

- All positions under Intraday Product will be subject to 80% MTM Loss i.e. positions will be liquidated if loss reaches to a pre decided level of client margin loss. The OPEN positions (i.e. the carry forward overnight positions) and the intraday leverage position (across segments) will also be squared off at 80% MTM.

- At MTM loss the position will be reduced on best effort basis and customer will be liable for such losses.

- Product is available for Equity / Currency / Commodities Futures and Options.

- Clients registered with Shreeyam and dealing in Capital Market / Derivative Market / Currency Market having allotted client code as UCC would be availed the facility offered by Shreeyam in Intraday trading in the exchange segments in which client is registered for trading.

- Client confirms that he is aware of the Intraday Product and its features and has clearly understood the risks associated with Intraday Trading.

- Client understands that Intraday Trading would be allowed only if the margin required under the Facility is already available in his account with Shreeyam.

- Client agrees and accepts that enlisting him/her for the Intraday Trading Facility shall not oblige him/her to place Intraday Orders requested in any stocks even though margin required for placing a trade order under the Facility is available in the account.

- Clients are aware that under the Facility, unless the positions are carried forward as stated above, all open positions shall be squared off by Risk Management Team at the prescribed cut-off time on the same day of their acquisition unless the positions are sooner squared off upon the positions incurring a loss to the extent of the prescribed maximum limit or more as may be determined from time to time.

- Client agrees and accepts that if for any reason beyond our control, like force majeure causes, disruptions in the communication network, system failure, slow or delayed response from system, trading halts, or the Exchange applying circuit filters because of which the open Intraday positions could not be squared off and are carried forward, client is expected only to Square them off on a best effort basis, as soon as may be, and any and all losses arising from such events will be to client‟s account only.

- Client agree and accept that he/she will not hold Shreeyam Securities Ltd, their directors, officers or employees liable for any loss that may sustain as a consequence of availing of this facility. All terms and conditions of the agreement that are executed shall remain effective and in force in all respect until terminated in terms thereof.

<u>Intraday Position Square off:</u>

All Intraday positions shall be squared off the same day following a predefined logic, automatically. Square off in different segments shall be carried out as per the time schedule shown below:

Segment	Square off time (Time based square off)
Capital and Derivative Segments of equity market	Between 3.15 p.m and closure of the market

Commodity Segments	1) Between 11.15 p.m. and market closure when the market closes at 11.30 p.m.
	2) Between 11.30 p.m. and market closure when the market closes at 11.55 p.m.
Currency and Agro Commodities	Between 4.45 pm and closure of the market

However, if the mark to market loss on "Intraday" positions reaches 80% (the trigger) of the total funds (cash and cash equivalent of collateral securities as adjusted to hair cut) available, the "INTRADAY" positions would be closed out as soon as the trigger is reached. In this case, all open positions across all segments, i.e. including positions other than intraday positions, will also get squared off simultaneously. The Risk Management System of Shreeyam (RMS) will constantly monitor the "Intraday" positions for the Clients and close them out accordingly.

After the positions are squared off, whether time-based or trigger based, no fresh intraday positions would be allowed for the day and all pending orders would be cancelled. Clients have the option of squaring off the intraday positions any time before they are squared off as per the above pre-defined logic. They will also have the option to convert INTRADAY positions before they are squared off into CARRYFORWARD positions subject to full margin availability.

Shreeyam will make best efforts to notify the Clients through SMS and/or emails, if the intraday positions incur MTM loss. SMS intimation would be sent when the MTM loss is at 50%, 60% and 70% of the total funds (cash and cash equivalent of collateral securities as adjusted to hair cut) in the Client account. Client may make payment online (net transfer) to replenish funds so that compulsory square off trigger is not activated which shall be across positions in all segments. Shreeyam shall not be held liable if client does not receive any intimation as above due toany technical glitches or any other reason.

13) Policy to Mitigate Other Risks associated with the Business:

The Company realizes the importance of Risk Management framework and has taken early initiatives towards its implementation. The assessment and addressing of various risks shall be carried out considering the following key steps for clear understanding, reviewing, structured reporting and addressing.

<u>Use of various risk assessment techniques/processes:</u>

- Questionnaire and checklist.
- Sharing of ideas and discussion of the events that would drastically impact the objectives, stakeholder expectations or key dependencies.
- Onsite verifications and periodic audit of compliances.
- Process flow diagrams of the activities and dependency analysis.
- Budgeting / Forecasting etc.

Risk Identification: if there is a material change in circumstances or a consequence that may occur, and whose occurrence, if it does take place, has significant harmful or negative impact on the achievement of the organization"s business and goal.

Risk detection: Understanding the nature and quantum of risk and its likely impact, both financial and non-financial, and plan for possible mitigation measures.

Risk Estimation: The process for estimating the cost of likely impact either by quantitative, semi-quantitative or qualitative approach in terms of the probability or occurrence and the possible consequences.

Risk Reporting: Managers must report all new risks and changes to existing risks or probable risks in the respective functional areas to their immediate supervisor or vertical head or functional head, as soon as the manager has identified the risk. The supervisor or vertical head will in turn report all material and new risks and changes to existing risks with the plan to mitigate with the time line for implementation to the Internal Committee. The Internal Committee will have to update and seek advice to the members of Audit Committee and Boardof Directors as well. The Internal Committee shall also monitor the mitigation process and ensure control and communicate to the stakeholders on regular basis as part of CorporateGovernance.

Risk Mitigation: A well-defined and thorough reviewed strategic plan duly approved by the Internal Committee and the members of the Board of Shreeyam Securities Ltd. would then be prepared. This will be implemented in a structured way with the requisite changes in the existing system or practices within a time line to achieve the desired goal. The risk mitigation plan shall be reviewed and monitored by the Internal Committee of Shreeyam Securities Ltd.in co-ordination with the Compliance Team and the progress of implementation shall be reported to the Audit Committee and Board Members on regular basis.

This risk assessment and management policy shall subject to change and modification, if needed, considering the dynamics of operations, business plans and strategy of managements from time to time. The Board of Directors before implementation shall approve all changes in this policy. The amended policy has to be uploaded on the website of Shreeyam Securities Ltd. from time to time.