

## RISK MANAGEMENT POLICY

**Preface:** - Risk Management is an integral part of any organization. We need to deal with various kind of risk like Credit Risk, Market Risk, Default Risk, Liquidity Risk and other Risk. The following document describes the risk management policy followed by MLB Capital Pvt. Ltd.

**Adjusted Ledger Balance:** - This is the clear balance available in the customer's ledger account in our books. For example, proceeds of shares sold but not delivered will be reversed if credited in the ledger and VAR Margin levied will be ignored for computation of available deposits.

**Securities in Margin:-** In case of Derivatives Segments-Equity and Currency Derivatives, company is required to collect margin from respective constituents on an upfront basis. It is to be ensured that the adequate margin amount from respective client is available with the company on the day the relevant trades are done.

Company may collect margins from its respective client in any of the following forms only, after taking into account their risk management system and liquidity aspects.

- >Funds
- >Bank guarantee issued by any approved bank.
- >Fixed deposit receipts (FDRs) issued by any approved bank.
- >Liquid securities in dematerialized form, actively traded on the National Exchanges, which are specifically not declared as illiquid securities. (List of illiquid securities are declared on a regular basis by the Exchanges) with appropriate hair cut as the case may be.
- >Units of liquid mutual funds in dematerialized form, whose NAVs are available and which could be liquidated readily with appropriate hair cut as the case may be.
- >Government securities and Treasury bills in electronic form with appropriate hair cut as the case may be.
- >Any other such collaterals, as may be specified by Clearing Corporations from time to time.

**Exposure:-** Exposure of Client means a client's obligation arising out of (i) Buy and Sale entered into on behalf of the client in cash segment which are yet to be settled and (ii) open position in Derivatives Segments-Equity and Currency Derivatives.

**Total Deposit:-** The aggregate of client deposit available with us in the form of cash, shares (after applicable hair cut) and FDR.

**Margin:-** Derivatives Segment ( Equity and Currency ) is a Margin driven segment. Margin will be collected under Normal/panic conditions as per the requirement of the Exchange i.e.SPAN+Exposure Margin+MTM+Additional Margin ( if any imposed by the Exchange )

**Short Margin Penalty:** Short Margin Penalty if any will be borne by the Client..

Position square off: If the client is not paying his margin & MTM obligation till T+2 days in Derivatives segment MLB Capital Pvt. Ltd. reserves the right to reduce or square off his/her position after proper intimation of margin shortfall on Email or Telephone.

### **NATURE OF CUSTOMER TRANSACTIONS**

**Intraday Cash Segment:-** The amount of purchase (or sale) in a scrip on any trading day that is reversed by the end of the day by making a contra sale (or purchase) of exactly the same quantity, thereby nullifying the original position.

**Delivery Trades:-** This is net Purchase or Sale of a particular scrip in client's account which is settled by Delivery on T+2 Days. Delivery in respect of sale transactions in the cash segment has to be settled by the client by tendering securities in demat form before the pay-in deadline. By not doing so, the client faces the risk of entering in auction.

**Sell against Buy before delivery:** - A purchase order executed on the Exchange today and the (undelivered) purchased stock sold in its entirety on the next trading day. In this case the first transaction would be settled on T+2 while the sale would be settled on the third business day after the purchase transaction.

**Note: - In this case MLB will not be responsible for any short pay out of security received from Exchange resulting in short delivery in client's account.**

### **MANAGEMENT OF RISK**

We have margin based automated RMS system. Total deposits of the clients are uploaded in the system and client may take exposure on the basis of margin applicable for respective security as per VAR based margining system of the stock exchange and / or margin defined by RMS based on their Risk perception.

No Leverages are allowed in BSE for the T ,X, XT , MT, P and Z category stocks