

SWASTIKA INVESTMART LIMITED

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**R M S POLICY FOR EQUITIES, F & O
& COMMODITY SEGMENT**

For Private Circulation

Swastika Investmart Limited

R M S POLICY

FOR EQUITIES & F & O SEGMENT

(Approved and Reviewed on 25th July, 2022 by Board of Directors)

A. Intraday & Delivery Limits against fund and securities:

Limit will be provided against available fund (Net balance in ledger) and approved pledged securities (After applicable haircut) as per following details:

1. Intraday limits will be provided on the basis of available fund and collateral (after applying VAR/haircut) in Equity and Derivative trading account. Position can be carried forward against the available funds and securities in Equity trading account.
2. Intraday positions can be converted into delivery / carry-forward only on the basis of availability of sufficient fund and securities, in absence of which the same will be treated as intraday and squared off on T-day itself on or before 3:15 PM.
3. We have an another Intraday algo product named Bracket order (BO) which can be used for placing target and stop-loss orders simultaneously in approved securities and derivative contracts.
4. Limits for front line stocks in normal case: 5 Times of available fund and approved pledged securities after VAR/haircut for intraday trading and 2 Times for delivery trading. This may vary from time to time on the discretion of the company in accordance with the availability of fund/market conditions and on client to client basis without giving any prior notice. The debit against deliver buying must be cleared within T+2 days.
 - Example: If a client is having credit balance in ledger of Rs. 10,000 and value of pledged stock is Rs. 20,000 (after applicable VAR/haircut) then the client can avail limit up to Rs. 150000 (30000 * 5) for intraday trading and Rs. 60000 (30000 * 2) for delivery trading.
 - Here BTST positions will be at clients risk if delivery not received on T+2 day.

5. In case the fund availability is high in client account than limit will be provided on the discretion of company. In this situation the limits specified above may differ.
6. Limits for other stocks (Illiquid group or Trade to Trade stocks): One Time of Credit Balance available in ledger for intraday trading or delivery, no limit will be provided against the available illiquid or Trade to Trade Securities, limits can be given on the basis of previous track of individual client on discretion of company and as per the market condition.
7. Limits for GSM Securities: Limit for the securities marked under Graded Surveillance Measure (GSM), Additional Surveillance Measure (ASM) and Un-solicited messages stocks for delivery / Intraday trading shall be provided on the discretion of the company.
8. **Limits for margin in Futures:** 1 Time of available fund and approved pledged securities for intraday and for carry forward. Position may be squared off on T day without intimation, if real time MTM loss for the day is equal or more than 75% of the available fund and real time value of securities (if decreasing). Here, in both the situation i.e. whether position squared off or not, the onus of loss/profit will be on the Client.
9. **Limits for Option:** One time of available fund and Collateral value to buy option premium and to sell an option of current month and for strike price near to spot price, limit will be provided as per limits in Futures (As per Point 8) whereas to sell far month or illiquid option additional margins will be levied (if allowed) in general or particular case.
10. The positions taken for intra-day should be cleared by the client before 20 minutes of market closing otherwise it will be squared off automatically at any time before 20 minutes of closing of the market in respective segment.

B. RMS Selling Policy:

As per SEBI guidelines client's unpaid securities will be transferred to "Client unpaid securities account (CUSA)" if the payment of related stock not received within T+2 days. Here unpaid securities may retain in CUSA for maximum 5 days after receiving the payout and afterwards we will liquidate the stock up to the debit amount or transfer these stocks in clients demat account if amount paid by the client on or before receiving the securities from the exchange.

Based on these guidelines the selling policy of RMS is mentioned as under:

1. RMS will sell the stock kept in "Client unpaid securities account", any day on or before T+2+5 days, if the payment of the related stock has not been received within T+2 days, without any prior information to Client / AP / Branch.
2. The company on its sole discretion can transfer the said unpaid shares from "Client unpaid securities account" to client Demat account (whose POA is active) after T+2+5 days, even though the payment not received from client, but the same can be sold any time from their Demat account to clear any debit in clients trading account, without any prior information to Client /AP/Branch.

Further, in case of following conditions selling will be done as per the mentioned criteria:

1. **In case of continuous debit for last 5 days:** RMS shall sell the stock on or before T+5 days
 - **Example:** If debit comes in any client code on Monday and is not cleared by Wednesday, then RMS will sell the stock on any day till the next Monday (to the extent of debit balance in clients account)
2. In case Delivery based buying is more than 2 times of available fund and securities and cheque status / payment is not received on T+1 day: RMS division can sell the stock on T+2 day.
 - **Example:** if Ledger Balance is Rs. 5000 (Credit) & total stock holding after VAR / haircut is 5000 then in case, delivery based buying has been made for more than Rs. 20000 (i.e. 10000 X 2) on Monday and cheque status / payment not cleared by Tuesday then stock will be sold on Wednesday. However In the opinion of RMS, if such open position attracts risk more than normal, it may sell the stock on T+1 day morning itself i.e. on Tuesday itself.
3. In case of M to M Loss (in Futures and Cash Segment) for the day is equal or more than 80 % of the available fund and securities: In the absence of cheque status/payment by T+1 day, RMS can sell the stock up to the amount of net loss on T+1 day.

- **Example:** if Ledger Balance is Rs. 10000 (Credit) and available securities is of Rs. 7000 after VAR/haircut on Monday and M to M Loss for the day is Rs. 15000, then in absence of any cheque status/payment by T+1 day, RMS will sell stock up to Rs. 5000 on Tuesday.
- 4. **In case Client's Cheque returns:** If a client's cheque is returned by bank due to insufficient funds, and the client's ledger balance is negative, then RMS division will sell the stock up to the amount of negative ledger balance, further a penalty of Rs. 500/- or 1% of the cheque returned amount (whichever is higher), will be debited subject to maximum of Rs. 1000.
- 5. F & O Position can be squared up by RMS division if margin is not available as per the requirement of exchange or excess margin levied by SIL (if any) and margin shortage penalty levied for more than 2 days in a month.

B. Deposit of Margin in Future and Option Segment: Client has to deposit margin as per exchange norms and SIL can levy extra margin over and above exchange required margin by looking client's position and market condition. Client has to deposit margin accordingly. If the client fails to deposit the same then, the company can square off the clients position and restrict client to carry existing position and to create new position.

Client's position can also be squared off in case of continuous or excessive margin shortfall due to any reason.

Note: As per the SEBI Circular from 2nd May 2022 it's been mandatory to maintain minimum 50% margin money in the form of cash & cash equivalents and rest 50% can be maintained in the form of non-cash i.e. pledged shares/securities in all segments thus all clients are requested to comply with the provisions of margin composition to avoid any interest.

1. Composition of collaterals submitted against Margin:
 - i. **Between Rs. 50 Lacs - 1 Crore:** All securities must be approved means must be as per exchange list and at least 15% of collateral / shares must belong to NIFTY or SENSEX.
 - ii. **Between Rs. 1 Crore - 2 Crore:** Approved securities (At least 25% of stock must belong to NIFTY or SENSEX) will be considered against the 50 % of Margin amount.
 - iii. **Between Rs. 2 Crore - 3 Crore:** Approved securities (At least 50% of stock must belong to NIFTY or SENSEX) will be considered against the 50 % of Margin amount.
 - iv. **Rs. 3 Crore & above:** Approved securities (At least 50% of stock must belong to NIFTY or SENSEX) will be considered against the 40 % of Margin amount & minimum 60 % of Margin must be in cash form.
2. Further exposure will not be provided as per rules & regulation of exchange on continuation of debit balances for T+5 days.
3. **Position Restriction:** SIL can restrict client to take position in Derivatives on its on discretion in any specific strike price, far expiry, etc.

C. Levy of interest on Delay Payment/debit:

The selling in client accounts with continuous debit may be done by RMS on any day after T+2 days and for all the debits outstanding for more than T+2 days the company will charge interest.

1. Interest shall be chargeable @18% p.a. and the company reserves right to revise the interest rate to the extent of 36% p.a. on outstanding Debit from the date of debit.
2. As per SEBI enhanced supervision w. e. f. first April 2017 all account will be treated on individual basis. And no family credit will be considered to calculate interest

D. Procedure for Calculation of Interest on Delay Payment:

Interest will be levied on the debit balance of client. If client is having margin position and the available margin is not according to requirement then, interest would be levied on the basis of below mentioned criteria:

Up to 3 Crore: Available securities will be considered against the maximum 50 % of Margin amount and remaining 50% should be in form of cash.

If still margin is short after considering available approved securities, then it will be added to 50% of Margin amount and interest will be calculated on the total short margin amount + FA Actual.

Above 3 crore: Available securities will be considered against the maximum 40 % of Margin amount and remaining 60% should be in form of cash.

If still margin is short after considering available approved securities, then it will be added to 60% of Margin amount and interest will be calculated on the total amount + FA Actual

E. Margin Shortage Penalty

- i. Margin shortage Penalty shall be levied by exchange on shortage of all required margin i.e. (initial margin, net buy premium, delivery margin and exposure margin) on upfront basis. Penalty on shortage of MTM and additional surveillance margin is levied by exchange on T+1 basis. The penalty shall be charged to the client accounts' respectively.

| 'a' | Per day penalty as percentage of 'a' |
|---|---|
| (<Rs. 1 lakh and (< 10% of applicable margin) | 0.5 (if It is the 1st penalty for that month) |
| (>= Rs.1lakh) or (>= 10% applicable margin) | 1 |

Where 'a' = Short collection /non collection of margins per client per segment per day.

- ii. If short / non-collection of margins for a client continues for more than 3 consecutive days, then penalty of 5% of the shortfall amount shall be levied for each day of continued shortfall beyond the 3rd day of shortfall.
- iii. If short / non-collection of margins for a client takes place for more than 5 days in a month, then penalty of 5% of the shortfall amount shall be levied

for each day, during the month, beyond the 5th day of shortfall.

- iv. Notwithstanding the above, if short collection of margin from clients is caused due to movement of 3% or more in the index (close to close value of Nifty/Sensex for all equity derivatives) and in the underlying currency pair (close to close settlement price of currency futures, in case of all currency derivatives) on a given day, (day T), then, the penalty for short collection shall be imposed only if the shortfall continues to T+2 day.

F. Actual Settlement Policy

As per Exchange Circular NSE/INSP/49434 dated August 27, 2021, the settlement of funds shall be done monthly/quarterly basis as per the client preference for the client's who specifically authorizes the trading member in writing to maintain a running account. At the time of quarterly settlement, the securities shall be considered after 50% haircut or Exchange VAR whichever is higher against the margin obligations and outstanding ledger balance of the client.

G. Margin trading Funding RMS terms and conditions:

- i. MTF would not be kept idle for more than 30 days.
- ii. Swastika can square off client's securities both funded and collateral to clear all the debits under MTF if the same has been liquidated after 30 days of funding (in case of Idle MTF funding) and any direct or indirect loss incurred due to this square off than client shall be solely responsible for the same.
- iii. The condition for squaring off the position in case of MTF funding :
 - a. If the value of collateral decreases by 10% and the same has not been fulfilled by client on margin call or SMS within 24 hours, then the RMS will square off the open position of client.
 - b. If the value of collateral decreases by more than 20% and the same has not been fulfilled immediately by client, then RMS will square off the open position on immediate basis without any notice.

Note:

Please note that RMS Division / Company shall not be liable for any loss arise due to RMS selling as well as loss in case where RMS Selling may not be done as mentioned above by RMS division, due to any reason.

The Company reserve the right to change the above policies any time according to market condition, in general or in particular case within the Exchange /SEBI regulations/ guidelines.

The margin limit specified in the policy can be modified by the company on its own discretion and on client to client basis.

For Commodities Segment

A. Intraday & Delivery Limits against fund and securities:

Limit will be provided against available fund (Net balance in ledger) and approved pledged securities (After applicable haircut) as per following details:

1. Intraday Margin Limits will be 1 time of the available fund in ledger including ledger balance of MCX and NCDEX, and additional margins can be levied by the company up to the full contract value on its sole discretion on the basis of market condition and risk involved in particular contracts.
2. For Carry forward of position for next day, available fund should be more than 100% of Margin, i.e. carry forward Margin limit will be 1 time of available fund.
3. Position may be squared off on T day, if real time MTM loss for the day is equal or more than 75% of the available fund and real time value of securities (if decreasing). Swastika in no case shall be liable for any loss.
4. If MTM loss is 25% or more of available fund & securities then same will be deducted to calculate fund for carry forward position and carry over limit 1 time of net fund will be allowed after deducting the MTM loss of trade day.

B. Margin, Interest on Delay Payment and other terms in Commodity Segment:

1. If any add on Margin, cash Margin or delivery Margin levied by exchange same has to be paid by client.
2. If Margin carried more than available fund & securities then interest @ 18% p.a. or more shall be levied on the debit balance.
3. Position will not be carry forward on the basis of un-cleared cheque of more than 25000/- and this limit can be reviewed on the discretion of Swastika.
4. For new account, limit will be given on the basis of clear fund only.

****Note: Swastika may impose additional or 2x Margin based on the market volatility or risks involved in particular contracts.***

C. Margin Shortage penalty:

1. Margin shortage Penalty shall be levied as mentioned below. The penalty shall be charged to the client accounts' respectively.

| Particulars | |
|---|---|
| 'a' | Per day penalty as percentage of 'a' |
| (<Rs. 1 lakh and (< 10% of applicable margin) | 0.5 (if It is the 1st penalty for that month) |
| (>= Rs.1lakh) or (>= 10% applicable margin) | 1 |

Where 'a'= Short collection /non collection of margins per client per day.

2. If non /short of collection of margin of clients continue for more than three consecutive days after T+2 working days, then penalty for 1% of the shortfall amount shall be levied for each continue short fall. In case of non/short collection of initial margins, the above penalty structure would be applicable from T day.
3. With respect to the repeated defaulters, who default 3 times or more during a month, the penalty would be 5% of the shortfall in such instances.

Note:

Please note that RMS Division / Company shall not be liable for any loss arise due to RMS selling as well as loss in case where RMS Selling may not be done as mentioned above by RMS division, due to any reason.

The Company reserve the right to change the above policies any time according to market condition, in general or in particular case within the Exchange /SEBI regulations/ guidelines.

The margin limit specified in the policy can be modified by the company on its own discretion and on client to client basis.