RISK MANAGEMENT POLICY (RMS)

1. Objective

This policy defines the risk containment measures followed by **Relitrade Stock Broking Private Limited** in capital markets, derivatives, and commodities trading. The objective is to mitigate systemic risk, protect client interests, and comply with SEBI/Exchange regulations.

2. Exposure Limits

2.1 Equity Segment

- **Intraday Trading:** Up to **4x** on clear funds and approved pledged securities after applicable VAR + ELM haircut.
- **Delivery Trading:** Permitted only against **80% clear funds** or approved pledged holdings.
- **BTST:** Allowed at client's own risk. No guarantees on delivery.

2.2 Derivatives Segment

- **Futures:** Exposure limited to **1x** of clear funds + collateral. Intraday MTM loss beyond 70% of margin may trigger auto square-off.
- **Options:**
  - Buying: Allowed against clear margin.
  - Selling: Allowed only with upfront full margin as per exchange norms.
  - Far-month or illiquid strikes attract additional margin.

2.3 Commodities

- **Intraday & Carry Forward:** Limit of **1x** against ledger balance.
- MTM ≥ 75% may lead to square-off on T day without prior notice.

3. Intraday Risk Management

- **Auto Square-Off Timings:**
  - Equity & F&O: **15 minutes before market close**
  - Currency: 4:30 PM
  - Commodity: 11:20 PM

- **Square-Off Triggers:**
  - MTM Loss ≥ 70% of available margin
  - Unfulfilled margin call for more than **T+1 day**

4. Margin Policy

- **Minimum Cash Component:** 50% of total margin must be in **cash or cash equivalent**, as per SEBI circular dated 02-May-2022.
- **Approved Collateral:**
  - Market Cap > ₹250 Cr
  - Promoter Pledge < 50%
  - Liquidity criteria as per exchange
- **Haircut:** Higher of Relitrade haircut or 25% applied.

5. Unpaid Securities (CUSPA)

- Securities unpaid beyond **T+1** will be auto-pledged to CUSPA for up to **T+5 days**.
- If payment not received by **T+5**, stock will be sold to clear debit.
- Square-off sequence: **Non-approved → Approved (LIFO)**

6. Interest on Debit

- Charged at **18% p.a.**, extendable to **24% p.a.** based on risk.
- No family/client group offset allowed (per SEBI Enhanced Supervision norms).
- Interest applicable even during holding of unpaid delivery or margin shortfall.

7. Margin Shortfall Penalty (SEBI Norms)

Shortfall Type	Penalty
< ₹1 lakh or <10%	0.5% of shortfall
≥ ₹1 lakh or ≥10%	1.0% of shortfall
>3 consecutive days	5% daily from 4th day
>5 days in a month	5% from 6th day onward

8. MTF (Margin Trading Facility)

- Only available on **SEBI Group 1 stocks**
- **Initial Margin:**
  - F&O stocks: VAR + 3x ELM
  - Other stocks: VAR + 5x ELM

- **Holding Limit:** Max 90 days
- **Interest:** 0.05% per day (approx. 18% p.a.)
- Liquidation triggered if:
  - Collateral value drops >20% and no top-up
  - Idle MTF > 30 days
  - Margin shortfall not cleared within T+1

9. Physical Delivery Settlement (Derivatives)

- **Futures & ITM Options:** 100% delivery margin required.
- If not available, positions will be auto squared-off on **expiry day by 10:00 AM**.
- No positions allowed to carry over to delivery in absence of funds.

10. Client Categorization (Optional)

Parameter	Category
Income up to ₹5 Lakhs	Low Risk
₹5–50 Lakhs	Medium Risk
> ₹50 Lakhs / F&O & MTF Traders	High Risk

Used for setting exposure/margin/leverage limits.

11. Communication & Consent

Clients are informed via:

- **SMS** and **Email**
- Margin Calls, Pledge Requests, Liquidation Alerts
- Clients must acknowledge understanding of RMS policy during onboarding.

12. Disclaimer

Relitrade Stock Broking Pvt Ltd reserves the right to:

- Modify this policy without prior notice, subject to SEBI/Exchange rules
- Apply additional margins in volatile conditions
- Restrict positions in specific scrips or categories

Losses arising from auto square-offs or system failures shall not be borne by the company.

For More Information

Please visit: **www.relitrade.in**