

**INTERNAL PROCEDURE ADOPTED FOR RISK MANAGEMENT SYSTEM**

**Clients to be allowed to place order and do trade:**

- 1 Only registered clients whose data successfully uploaded in UCC are allowed to trade .
- 2 No other than clients are allowed to do trade.
- 3 Clients who is declared as default by Exchange or SEBI are suspended and not allowed for any further trading activity..
- 4 Clients who is restricted, barred by any Exchange or SEBI are suspended and not allowed for any further any trading activity.
- 5 Dormant Clients are allowed to do trade after confirming authentic details with them.

**Mechanism for order management and execution.**

1. All order, trade should be entered through approved CTCL user ID only.
2. Only specific Terminal should be allowed to execute orders in T, TS,Z groups and other illiquid stock as per exchange list.
3. High value trades must be allowed after approval of Principle Officer.
4. No Bulk trades which are against the preview of exchange and SEBI should be allowed.
5. System must be set where large numbers of orders are rejected.
6. System must be there where beyond the price limit orders are frozen. In such case Surveillance department should intimate to clients not to place such order in future.
7. All orders should directly pass to Exchange trading system for matching.
8. Only approved user/dealers should be allowed to operate terminals.
9. No clients should be allowed to place order without having proper Margin.
10. RMS application should be upgraded daily for margin setting of clients which depends on holdings in DP, Ledger credit in Cash Segment. In F&O Segment Holdings of securities, Ledger credit and collateral security offered and/or cash as margin.
11. Compliance to Margin must be complied within the prescribed time and format of exchange.

**Setting of limits/ Risk categorizations of clients:**

1. Clients: Single Order quantity Single Order Value, Gross Exposure and MTM
2. Terminals: Single Order value, Single Order quantity and Gross Exposure.

Further:

In case of New Clients trading limit is given up to Rs.10000/-.

Regular clients in cash segment it is practice to give limit to clients on the basis of securities Holding and Ledger credit. No clients are given limit beyond their credit and value of securities.

**Low Risk:** Clients who are financial sound and who makes payment regularly. Also who holds quantum of Securities in their DP. Account. These Clients are given limit upto 6 to 7 times of their credit.

**Medium Risk:** Clients mainly doing Intraday Trading and are keeping their Accounts running are not given any limit against their Holding statement of securities.

**High Risk Client:** We don't give trading facility to any terminal for doing trade in T to T, only specific terminal has been given permission for said trading. Clients who wants to deal in such group has to contact at HO and after verification of details Clients orders are placed in system. Our RMS Protector of F.T. has got many parameter from where we can view of High Risk Clients which is continuously monitored by our Surveillance staff and is being update to Principle officer.

**Margin calculation:**

1. In Cash Segment exposure limit must be given on the basis of available securities and ledger of clients.
2. In F & O Segment exposure limit must be given on Securities holding, Ledger of clients and Collateral securities given by clients.

**Code Modification:**

In case if any trade by mistake has been executed in other client code in that case the code should be modified within the preview of exchange.

**Recovery of Debit amount:**

Day to day client's ledger are updated in Back Office and accordingly RMS application apply for margin.



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In responses to outstanding dues Surveillance department daily gives update to dealer and follow up of same is being taken by account's department. In case of no response from clients such clients limits of buying is withdrawn to zero limit in all segment. In F & O segment clients are insisted to square off position. On the failure of his commitment his position is square up and the same is intimated to them.

As far as the Risk Management System is concerned there are two Surveillance Officers who keep watch on every trade of clients and where and when if they find any wrong order placed by clients the intimation is given to them at the same moment and also the same is informed to Compliance Officer and where required even to Principle Officer.

**RISK MANAGEMENT SYSTEM** should also watch the transaction done by clients within the purview of Anti Money Laundering Act.