FORT SAHRE BROKING PVT. LTD.

RISK MANAGEMENT POLICY

RMS stands for Risk Management System - To manage the risk of the company/client from the volatility of the market.

RMS works on the following concepts:

Cash: The clear balance available in the customer's ledger account in our books.

Margin: The underlying stake provided by the customer in the form of cash, and/or stock

Stock qualifying for margin in cash segment transactions: Securities in the approved list of Stock Exchange as per SEBI guidelines.

Total Deposit: The aggregate of client deposit available with us in the form of cash, Shares (After Applicable Hair Cut)

Setting up client's exposure limit:

In Cash segment, we may provide a exposure limit to a client which would be a multiple of the clear ledger balance in the account of the client plus value of paid up collaterals computed after appropriate haircut. The value of the "multiple" and the "haircut" shall be decided by the company based on Market Volatility and quality of collaterals.

It is not compulsory to collect upfront margin from clients for Cash segment. Generally the client is allowed to trade upto certain limit, at our discretion, depending on various factors like financial credibility of the client, request from sub broker regarding setting client's exposure limit etc.

In Futures & Options segment, exposure limit of each client is set, based on Margin money given by the client, as per the Exchange Regulations. Upfront margin is collected from client.

Fort Share Broking Private Limited shall have the prerogative to allow differential purchase limits and sell limits varying from client to client, depending upon credit worthiness, integrity and past conduct of each client.

Right to sell client's securities or close client's position, without giving notice to the client on account of non payment of dues:

If the client fails to pay his pay-in settlement obligation of funds on or before the Exchange Pay in day, the relationship manager will give a call to the client , (in case of a direct client) or to related branch manager/authorized person, who in turn will follow up with the client. If the fund is not received within 5 trading days from the Pay in day, the shares of the client bought by him will be sold out in the Exchange. If there is a loss in such sale transaction then the loss will be borne by the client.

In case of any such sale the client will not be given any notice.

Shortages in obligations arising out of internal netting of trades:
In case of shortages in obligations arising out of internal netting of trades, short shares are bought in the market at market rate in the defaulter client code. Shares are delivered to the Buyer client on payout day. The ledger of the client who failed to deliver shares is debited for such market purchase.

Conditions under which a client may not be allowed to take further position

Under the following conditions a client may not be allowed to take further position,

1. The client has a due / debit balance – Such clients are allowed to close out his open position but is not allowed to take any new position.
2. The client has not able to meet his pay-in obligation in cash by the schedule date of pay-in
3. The client has not met Market to Market loss in cash.
4. The "open" positions in a contract exceed or are close to market wide cut-off limits.
5. The client's position is close to client-wise permissible "open" positions
6. The client had defaulted in meeting cash or securities obligation leading to compulsory close out of the position.
7. If the exchange is not allowing any further position in that script.
8. Based on happening of the event company has the risk perception that further trading in the securities/ contracts may not be interest of its clients and/or the market.

NATURE OF CUSTOMER TRANSACTIONS

Intraday - Cash segment: The amounts 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 the exact same quantity, thereby nullifying the original position.

Delivery Trades: The net purchase or sale of scrip in a client account that is settled by way of a delivery on T+2. 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. Else the client faces the risk of auction.

Sell against Buying: 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 – FSBPL will not be responsible for any Short payout of security from exchange

MANAGEMENT OF RISK

RMS Policy

Fort Share Broking Private Limited.

Primary Responsibility for Risk Management at client level shall vest with Branch Manager/Authorized Person.

FSBPL shall manage the risks of clients of a Branch/Authorized Person by formulating and implementing a Risk Management System at Branch/Authorized Person level and if required FSBPL will also monitor the risks at client level.

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.

In case of exposure taken on the basis of shares margin the payment is required to be made before the exchange pay in date otherwise it will be liable to square off after the pay in time.

The Sub Broker and client limit is predetermined. The client limit is fixed as per the Ledger balance in line with respective client’s trade history/experience, if available, his financial capacity and/or credit worthiness and referrals. If required and to exceed the limit, permission of higher authority is generally required.

As a part of our risk management system, our team also monitors the exposures of clients / branches / authorized persons on real-time basis. During market fall, we observe the position of respective client as well as branch like his credit balance available with us, securities lying with us etc. and depending upon the same, we allow them to transact or create the position or to extend / subtract their position. At the same time, we have to consider respective client’s trade history/experience with us, his financial capacity and/or credit worthiness and referrals. In case, there is debit balance, client is required to provide sufficient margin / securities / funds to carry out his request for fresh buying or to create fresh position.