



Risk Management Policy

Matalia Stock Broking Pvt Ltd. (MSBPL) is MATALIA GROUP'S flagship company established in 2004 providing security broking and financial services to its clients. MSBPL has uncompromising risk management system and high compliance standards to ensure client's investment safety and security with maximum transparency.

MSBPL has built efficient risk control parameters for exposure, mark to market, and turnover limits to attain the objective of handling Trade as well as Non-trade Risks. This has enabled us to become one of the most trusted financial services providers.

Risk Management is an integral part of any organization. An organization in stock broking services need to manage risk like credit Risk, Market Risk, default Risk and liquidity Risk. In Securities Market, clients have to be alerted with respect to their obligations, open positions, market conditions, Margin requirements, regulatory requirements and steps are initiated by the brokers in case of changing market situations. With a view to enhance customer knowledge and safeguarding investor interests, MSBPL has devised a comprehensive Risk Management & Surveillance (RMS) Policy to make sure that clients are aware of criteria based on which MSBPL monitors risk and initiates actions to safeguard the interest. The parameters of RMS Policy are mentioned below:

1. Setting up Clients Margin Limit:

Trading Limits will be allowed on the basis of available margin

Available Margin constitutes of Customers' Ledger Account Balance (clear balance) + Pledged Securities Value (after hair cut) – 130% value of Short-sale (Securities sold but not delivered to broker for pay-in till T day and expected to be short). Securities here means the value of securities after haircut. Clear ledger balance means ledger balance after deducting unclear receipt , future dated bills , credit bills for which payout not received from exchange / CC , expected demat charges , interest amount etc.

MSBPL will accept all securities / bond / mutual fund only through pledge / repledge system which are eligible for collateral by Exchange / Clearing corporation. MSBPL will apply the exchange prescribed haircut and net value of securities will be considered as collateral after deducting hair-cut. The Exposure in Cash Segment will be set around 1 times of available margin. MSBPL applies exchange prescribed margin or any specific scrip wise margin that attracts higher margin due to liquidity. MSBPL at its sole discretion may revise the exposure limit and/or the percentage of haircut on the basis of risk perception or any other factor considered relevant. MSBPL may accept non approved securities as collateral on its sole discretion depending on different factor and situation. Client can utilize the margin segment wise and can be transfer unutilized margin to another segment on request basis.

In Cash Segment for Intraday trades, MSBPL customers are provided a limit which is as per the exchange defined VAR+ELM for the respective scrips and subject to a minimum of 20%. For e.g.: customer A has effective ledger balance of Rs. 50,000 and wishes to buy a scrip X, assuming that the VAR+ ELM for the scrip X is 25%, customer can buy/sell scrip X only upto worth Rs. 2,00,000 for intraday.

In Cash Segment for Delivery or CNC trades, customers are required to have in their ledger balance funds upto the 100% of the gross value of stock at the time of the transaction. Currently no margin is provided for Delivery or CNC trades on MSBPL. However, client can avail MTF facility on selected stocks.

In terms of Delivery / Carry forward Based derivative trades, the MSBPL customer is provided a margin which is as per exchange defined margin that also is equal to Span + Exposure + Delivery + Special Margin. For Futures and Options traded on NSE/BSE/MCX, the limit provided to the customer is as per margin requirements for the respective contract. For Example, customer wishes to trade in 1 lot of Nifty, assuming the margin required to create position in 1 lot of Nifty is Rs. 1,50,000. The customer needs to have an effective ledger balance of at least Rs. 1,50,000 to initiate the trade.

It is pertinent to note that the risk policy continues to evolve and is subject to modification in consequence to market dynamics, business plans, management strategy and internal risk assessments from time to time.

Scrip wise Exposure Limits:

Cash Segment:

To keep in mind the surveillance measures and also to stop unusual activities in illiquid stocks, scrip wise limits will be set on the basis of following parameters at MSBPL level

Scrip Group	Available Buying Limit	Available Selling Limit
A Group	Limit applicable as per the available margin.	Limit applicable as per the available margin.
All scrips where F & O trades are allowed	Limit applicable as per the available margin.	Limit applicable as per the available margin.
Illiquid Scrip	Allowed with 100% cash margin and Limit is restricted to the 10 % of the Exchange Volume on T day	Allowed only for delivery base sell with CNC product
Graded Surveillance Measure (GSM Group Scrip)	Only GSM stage 1 allowed with 100% cash margin, all other stage securities restricted	Allowed only for delivery base sell with CNC product
Additional Surveillance Measure (ASM Group Scrip)	Buying allowed with 100 % VaR + ELM margin	Selling allowed with 100 % VaR + ELM margin

- The scrip on which unsolicited news circulations are taking place may be banned for any kind of transactions.
- For MTF related trades read / review our MTF policy and terms & conditions.

2. Handling of Securities for the Customers:

For customers having no outstanding debit ledger balance/other obligations, on the trade date at EOD i.e 7.00 pm, MSBPL may transfer the securities purchased by its customers to their Demat account or inform CC to transfer security direct in client demat account. MSBPL will check the clear ledger balance while approving the securities transfer. Customers having outstanding debit ledger balance/other obligations on T day 7 pm, MSBPL as per SEBI Circular No. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2022/153 dated 11th November 2022, shall transfer the securities in the Client Unpaid Securities Pledgee Account (CUSPA) or inform CC to direct transfer security in client demat account as per circular no: SEBI/HO/MIRSD/MIRSD-PoD1/P/CIR/2024/75. If any client fails to fulfill the required funds' obligation and/or Margin Obligations/other dues, the securities may be liquidated on or before T+1+5 days (T indicates Trading day) as per MSBPL Risk Management Policy and charges or duties, if any, levied by Depositories /Clearing Corporations to sell the securities from Client Unpaid Securities Pledgee Account (CUSPA) will be recovered from the clients.

- For more details, review our CUSPA policy

3. Right to sell clients' securities or close clients' positions on account of non-payment of dues:

It is client's obligation to settle the dues on settlement days. In case the client falls short of providing clear funds on or before settlement day of pay-in/pay-out or due date in case for F&O, commodity and CDS segments, MSBPL has

the right to close the positions/sell the clients securities within 5 trading days from the pay-in/pay-out day to the extent of ledger debits. Securities pledged in Margin pledge account / CUSPA account shall be settled to the client in the same periodicity as consented by the client for the settlement of fund. MSBPL at its sole discretion may hold the debits beyond T+1+5 days and liquidate the customer securities from the margin pledge account / CUSPA account / or free balance in client demat account on the basis of net risk position of the client where POA is given in favour of MSBPL. MSBPL may liquidate the client positions in case of shortfall in margin obligation with or without giving prior notice to client. If the client's cheque is returned 1% will be charged on cheque amount. If the client's cheque is returned by bank, MSBPL will charged 1% penalty on cheque amount.

However, MSBPL will not allow further exposure beyond timeline prescribed as per SEBI circular.

MSBPL at its sole discretion may liquidate the securities and/or square up open position where there are such debits may arise because of charges against brokerages, value added services, delayed payment charges and any other charges as applicable.

MSBPL may liquidate the securities by prioritising on the basis of low VAR (Value at risk) margin and/or the available value of the scrips for the customers where POA is given in favour of MSBPL and for other customers the securities will be liquidated on the basis of FIFO (First in First Out) from CUSPA (Client unpaid securities) account. However in case, the securities are not sold on FIFO logic due to any legitimate reasons like low liquidity or lower circuit or any other reason, then MSBPL may liquidate other securities to clear the outstanding debits. 3% additional amount of the stocks are marked on outstanding debit obligations for liquidation of the securities. MSBPL may change the formulas base on market conditions, if needed and inform the client by possible mode of communication as mentioned in this policy.

MSBPL may prioritise the low VAR scrips in client collateral account for liquidation and then the leftover debits may be recovered from the clients demat account where a POA is issued in favour of MSBPL. For more than one scrip having same VAR margin the scrip with highest closing price on T-1 day may be selected first for liquidation.

MSBPL may liquidate the client position in future and option segment in case of the mark to market (MTM) loss and/or margin shortfall and MSBPL may also recover losses from sale of collaterals as provided by the client.

MSBPL may at its sole discretion revise the procedure without giving any reason and inform the clients by possible mode of communication.

4. Interest charges on debit and short margin

Interest on Debit ledger

Delayed payment charges Interest up to 18% per annum exclusive of statutory levies as will be charged on actual debit balance of the Client from 1st day of debit.

Over-utilization of Non-Cash Equivalent Collateral Margin

For open positions in the Futures & Options (F&O) segment, as per regulatory requirements, clients are expected to maintain a minimum of 50% of the total margin requirement in cash or cash-equivalent collateral (such as cash, bank guarantees, fixed deposits, or approved liquid mutual funds). The remaining 50% may be maintained in non-cash collateral, such as approved securities after haircut.

If the client fails to maintain the required 50% cash-equivalent margin, MSBPL may fund the shortfall, and in such

cases, an interest charge of 0.035% per day (₹35 per lakh) or 12.775% per annum will be levied on the cash margin shortfall.

Utilization of Un Approved securities collateral

In case client provides securities as margin are un approved and MSBPL allowed margin limit on such Unapproved security collateral than MSBPL can charged interest up to 18% p.a on such margin utilized amount.

5. Other Surveillance Actions:

i) Refusal of order for penny stocks / illiquid contracts:

MSBPL may refuse or restrict a client in placing the order in certain securities depending on various conditions like volume / value / part of illiquid scrip's / Z group of securities although a client may have credit balance or sufficient margin in the trading account. However MSBPL under exceptional circumstances may execute clients order. MSBPL has the discretion to reject execution of such orders based on its risk perception.

In case of F & O segment, MSBPL may refuse or restrict the Client in placing the order for far month Future & Option contracts.

ii) Regulatory conditions under which a client may not be allowed to take further position or MSBPL may close the existing position of the client:

In case overall position in a scrip / derivatives contract has reached the Regulators prescribed or any limit set by MSBPL / Exchange limit / Market wide open interest limit / Client level limit, then client may not be allowed to take further positions, till such time Regulators prescribed limit comes down to create a new position.

Further MSBPL may close the existing position of a client to the extent of debit balances to release the margin from the Exchange. In case if MSBPL has sufficient margin cover on behalf of its clients, it may still decide based on the market conditions and risk perception not to allow further position or may close the existing position of a client.

iii) PMLA Guidelines:

Client will be categorized as High, Medium and Low risk customer as per their risk appetite and their current profile as mentioned in Know your client form (KYC). The same will be reviewed at regular intervals as per PMLA Policy of MSBPL.

Exposure to client may also be governed by customer profiling mentioned above from time to time. Client needs to furnish their income details on yearly basis. Following documents will be accepted as income proof

- Copy of ITR Acknowledgement
- Copy of Annual Accounts
- Salary slip or Copy of Form 16 in case of salary income
- Net worth certificate
- Bank account statement for last 6 months
- Copy of demat account Holding statement.
- Any other relevant documents substantiating ownership of assets.

If there is a major disparity between financial details and trading volumes, client may be asked to furnish suitable explanation and based on the same further trading limits will be sanctioned.

iv) Suspension of Clients:

MSBPL may withhold the payout of client and suspend his trading account due to any internal surveillance (if client indulges into manipulative trade practice) / regulatory orders (debarring orders) / etc.

v) In case the Client has created any position in banned scrip, penalty as levied by stock exchanges shall be levied to

the client.

6. Quarterly / Monthly Settlement

The Client may authorize MSBPL to maintain a running account for the settlement of funds. The actual settlement of funds shall be done by MSBPL, at least once in a quarter or month, depending on the preference given by the Client. On the date of settlement, MSBPL may retain the requisite securities/funds towards outstanding obligations and may also retain the funds expected to be required to meet the derivative margin obligations, calculated in the manner specified by the exchanges. Further where the client has not opted for running account settlement of funds, then securities, in excess of the margin obligation, if any, shall be immediately be released to the client.

7. Communication

As per Regulatory requirements we send Statement of Accounts of Funds and Securities, Collateral Statement, DP Statements, contract Notes Daily Margin Statements etc. Client can view these statements also through his secured login on MSBPL website. The client has to be aware about his position, outstanding balance and Risk. MSBPL is under no legal obligation to send any separate communication but as a customer centric company and as a courtesy we may take extra efforts to ensure that client is well informed about the Risk and the possible actions.

8. System/Network Risk:

High volume trading will frequently occur at the market opening and before market close. Such high volumes may also occur at any point in the day. These may cause delays in order execution or confirmation.

- a. During periods of volatility, on account of market participants continuously modifying their order quantity or prices or placing fresh orders, there may be delay in order execution and its confirmations.
- b. Under certain market conditions, it may be difficult or impossible to liquidate a position in the market at a reasonable price or at all, when there are no outstanding orders either on the buy side or the sell side, or if trading is halted in a security / derivatives contract due to any action on account of unusual trading activity or security / derivatives contract hitting circuit filters or for any other reason.
- c. Trading on exchanges is in electronic mode, based on satellite/leased line based communications, Combination of technologies and computer systems to place and route orders. Thus, there exists a possibility of communication failure or system problems or slow or delayed response from system or trading halt, or any such other problem/glitch whereby not being able to establish access to the trading system/network, which may be beyond control and may result in delay in processing or not processing buy or sell orders either in part or in full. You are cautioned to note that although these problems may be temporary in nature, but when you have outstanding open positions or unexecuted orders, these represent a risk because of your obligations to settle all executed transactions.

9. Disclaimer

MSBPL has a discretion to alter/change any of exposure limit and/or liquidation/close out parameter defined in this policy on the basis of prevailing market conditions and/or any risk perception with or without prior intimation and can use their discretion to grant any kind of exemption/permission in case they deem fit on case to case basis. In the time of extreme volatility or major impeding event which might trigger such volatility, MSBPL reserves right to withdraw the same. The company may modify or amend any of these rules without prior notice.

Review of Policy:

This policy will be reviewed whenever changes are introduced by any statutory authority or whenever it is deemed necessary.