**ACUMEN CAPITAL MARKET (INDIA) LIMITED**

**Acumen Capital Market Risk Management Policy**

We, Acumen Capital Market (India) Ltd (ACML) are following margin-based system while providing limits /exposures along with specific controls as and when required by Regulators or based on our risk assessment. Our clients can take positions of the available balance in his ledger A/c based on our RMS policy.

Collateral value can be considered based on specific written requests from clients. Exposure/ margin on collaterals shall be provided after deducting Var /Exposure/ Span margin/other haircuts based on the nature of collaterals. Further orders were restricted only up to the applicable client wise position limits set by the Exchanges/Regulators from time to time.

## ❖ Marking of Transactions

Marking of Transactions are very important while placing orders through our Trading platforms. In case any doubts on this, the same should be clarified immediately from our Risk Management System operators via call or through email. Delivery transactions must be marked as delivery, and such delivery payments / obligations has to be made upfront. Derivatives (capital/ commodity and currency) carry forwarded transactions should be marked as Carry forwarded book type

## ❖ Market / Stop Loss Orders

A "market" order will be executed at the available price orders on opposite side, and while placing market order validation will be happening on the last trade price basis and accordingly order will pass to exchange and, in such cases, trade may happen at available market price and which may be at available prices of outstanding orders, which satisfy the order parameters. It may be understood that these prices may be significantly different from the last traded price or the best price in that security/derivatives contract.

While placing “Stop Loss Orders” trigger price is required and upon touching this trigger price system will place the stop loss order at the limit/market price which is specified in the order book /instruction of such stop loss orders

- **Squaring / Position Monitoring of Existing Positions of Client and Securities**

Client may take exposure upto the amount of margin available with Acumen Capital Market (India) Ltd (ACML). Client may not be allowed to take position in case of non- availability/shortage of margin as per RMS policy of the Company.

- **Intra-day Squaring off due to MTM losses.**

All existing positions of the clients are also liable to square off/close out from 65% of MTM losses without any intimation due to Intra-day/opening MTM losses. Therefore, it is the duty of clients to monitor their positions and keep sufficient margin as well as funds to cover the possible intraday and overnight loses. It is also to be noted that Such square may be happening at the available market price which may fluctuate wildly and due to this there will not be any guarantee on the square off price or percentage. Such square off may lead to heavy losses in constituent account as it is inherent in Capital, Commodity and Currency trading . In this regard ACML, its Directors and employees shall not be responsible for any loss or damages arising out of such selling.

- **The existing positions / Securities of the client are also liable to square off/close out on the following instances.**

  - Non making of payment for their pay in obligation
  - Non maintenance of sufficient margins
  - 2 days prior to delivery period for those clients whose delivery intentions with supporting documents were not submitted to broker
  - Heavy volatility in the Securities, Derivatives Contracts, or any other trading units.
  - Due to non-clearance of outstanding debts
  - Option In the Money Contracts

- **Securities /Contracts Ban Period**

Exchanges and SEBI may announce Securities breaching the open position limits and may declare "Contract Ban "at any time as and when it occurs and such cases it would be the duty of the client to understand such notices/circulars from Exchange website / our Terminal messages and monitor their position in such contracts and comply with the regulations from time to time. Any penalty on breaching ofsuch position's limits should be borne by the clients.

## ❖ System & Procedures of Client Unpaid Securities Pledge Account (CUSPA)

"If client buys securities and fails to make the full payment within the settlement timeline (latest by 7AM T+1), the securities will be transferred to the buyer's demat account along with the creation of an auto-pledge in favour of Acumen's Client Unpaid Securities Pledgee Account (CUSPA). The securities shall either be transferred to the demat account of the client upon fulfillment of its funds pay-in obligation or in case of the payment is not received by the client it shall be disposed off in the market by Acumen Capital Market (India) Ltd within 5 trading days after the date of payin without any notice to the client to the extent of debit balance of the client and/or as per Acumen Capital Market (India) Ltd's Risk Management policy and balance securities shall be released to the respective client's demat account. Transaction charge is applicable for this Auto Pledge & Unpledge Instruction."

The securities kept in the CUSPA shall either be transferred to the demat account of the client upon fulfillment of its funds pay-in obligation or in case on non-receipts of the payment from the client such securities shall be disposed off in the market **within 5 trading days** after the date of securities pay out without any notice to the client to the extent of debit balance of the client or as per Acumen Capital Market (India) Ltd Ltd's Risk Management policy and balance securities shall be transferred to the respective client's demat account." Further if client wants to sell the securities that are transferred to the CUSPA, has to sell either within T+5 days or after the securities becoming free balance.

In the event of liquidation or square off of the open positions, the bill summary SMS will be send to client registered mobile numbers and also such details were placed in client back office software.

All losses of such action shall be borne solely by the client and Acumen Capital Market (India) Ltd (ACML) shall not be responsible for the same.

With regards to the unpledge of securities from CUSPA Account, Acumen Capital Market (India) Ltd may do so on the specific client request and approval by the Manager, Surveillance or the discretion of Manager, Surveillance.

## ❖ Peak Margin

Peak margin system calculates the maximum margin requirement at a particular point of time during a trading day considering all open positions at that point of time. By implementing Peak margin, SEBI is trying to restrict the excess margin (leverage) and trying to ensure the prescribed margins are collected upfront for all trades. Therefore, all trades whether it is Intra - day or carry forward, sufficient margins should be there in respective constituent account. The implementation of this is done in a phased manner from First phase of 25% in December 2020.

The 2nd Phase of minimum 50%, is from 1st March 2021. The 3rd Phase (1st Jun-21 to 31st Aug 21), it says that the client should have 75% of the peak margin.
And from Phase 4 ie. September 2021 onwards, clients has to maintain 100% of the peak margin obligationwith the broker during the day.

As part of implementation of this regulation all brokers must report the margins multiple times during the day. While doing this any shortage in margin will be attract penalty. Client margin can be in the form of Cash collaterals, FD, and securities by pledging the same to member / Clearing corporation to the broker account upfront basis.

Therefore, constituents were required to note that; any "Option square off credit" is not allowed as margin for future /peak margins obligations even though this can be adjusted against option buy premium(only). Likewise, "booked profit" also not consider as upfront margin and any position against these credits will attract penalty for margin shortage. Short Reporting of Margins in Client Margin Reporting Files:

As per SEBI regulations, the following penalty shall be levied in case of short reporting by trading/clearingmember per instance.

| Short collection for each client | Penalty percentage |
|---|---|
| (= Rs 1 lakh) Or (= 10% of applicable margin) | 0.50% |
| (= Rs 1 lakh) Or (= 10% of applicable margin) | 1.00% |

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.

If short/non-collection of margins for a client takes place for more than 5 days in a month, then a penalty of 5% of the shortfall amount shall be levied for each day, during the month, beyond the 5th day of shortfall.

- **Shortage in Sale obligation**

All delivery selling transactions should be honored by the clients by delivering such quantities of sales. All constituents make sure that, the necessary free stock are available in their Demat account.

Clients Shares showing in the terminals include previous days purchases and may not available as freeholdings eligible to sell in their demat account therefore constituents always ensures the free holding intheir custody before selling any delivery

- **Internal shortage**

If the client defaults in their sale obligation by not delivering the shares sold by them, due to which an internal shortage arises in a particular scrip, then under such circumstances, after informing such defaulting seller client, the share to the extent of shortage due to non-delivery by the seller client will be purchased from the market on the next trading day as and when available, in the concerned seller client's code. It will then be delivered to the buying client on receipt of the same.

In case the share cannot be purchased back for any reason whatsoever, the same shall be closed out at 20%above the closing price on T Day. Any loss of corporate benefit to the buyer shall be recovered from the defaulting seller client. Fines / penalties / charges shall be levied on the selling client on account of internal storage.

- **Interest Debits/Late payment fee**

Interest on Delayed payment /Weekly process late pay in charges" will charged at an interest of 21.99% or such percentage mentioned in KYC from clients who are not paid their obligations on duedate morning before 10.AM

Similarly Interest Debits / Late payment fee at the above percentage is also applicable to those constituents who are not provided at least 50% cash or cash component against their margin obligations.

Further as Exchanges are providing collateral benefit on the basis of its own risk parametersand accordingly all clients trading with such Exchange are bound to follow such regulatory measures.

Clients are intimate about various charges applicable while trading other than brokerage andconstituents should be familiar with those charges explained in the Tariff sheet.

- **Refusal of orders for Penny/ASM Stocks & Contracts.**

Following type of scrips and contracts may categorized under the Penny Stock & Contracts; Scrips whichare quoting at less than Rs.10/- on any of the Exchanges. Scrips appearing in the list of ASM/illiquid securities issued by the Exchanges periodically. Capital/ Commodity & currency Derivatives contracts were trading is happening thinly. We shall not entertain orders from any of the client for transacting (either buying or selling) in any pennystocks. However, it would be considered on case to case basis, which shall be at our sole discretion only. In case any client wants to sell the penny stock already held by them in a Demat account, the same shall be allowed on a case to case basis, at our sole discretion.

Under the above circumstances, the client will have to provide a copy of their Demat Holding wherein the said penny stock is mentioned to be held by the client along with a valid reason for sale of such penny stock.

❖ **Suspending or closing a Client's account**

Sometimes, the client may not be willing to undertake any transaction for a certain fixed period of time due to any reason. During such periods, if the client so wishes, they may temporarily suspend or close their trading accounts so as to ensure the safety of their securities and account by submitting a written application duly signed by the holder themselves.
Besides, a clients trading account can also be temporarily suspended or closed by us if a client has reached its exposure limit and the outstanding is not being cleared within the stipulated time period, such accounts would be temporarily suspended till the time the client brings in additional deposit for increasing the exposure limit or clears the outstanding dues

❖ **De-registering a client**

Notwithstanding anything to the contrary stated in the agreement, we may at our sole discretion de-registerthe client's account in the circumstances including but not limited to the following;

- The client has breached the Agreement, or has misrepresented facts at the time of entering into anAgreement or at the time of giving instruction or otherwise.
- If the action of the client are prima facia illegal/improper or such as to manipulate the price of any securities or disturb the normal/proper functioning of securities market, either alone or in conjunction with other.
- On the death / lunacy / winding up / bankruptcy / liquidation / legal incapacitation or other disability of the client.
- Debarment of the client by any credit rating agency or any regulatory authority.
- If there is any commencement of a legal process against the client under any law in force.
- If the client fails to fulfill his/her/their payment obligation either fully or partially under this agreement,or suffers any adverse material change in its financial position.
- If the client fails to maintain the Securities Account or any replacement thereof.

In such a case, the company shall have the right to close out the existing positions / contracts, sell the collateral to recover its dues, if any, before de-registering the client's account.

The afore-mentioned policies and procedures have been framed out under various clauses mentioned in the Rules, Regulations, Byelaws and guidelines prescribed by SEBI and the Exchanges as well as the amendments brought out from time to time. In case of any contravening clause framed herein, the relevant clause mentioned under the said Rules,

Regulations, Byelaws and guidelines of SEBI and the Exchanges shall overrule such contravening clause.