RISK MANAGEMENT SYSTEM POLICY

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1. Definitions: in this Policy, unless the context requires otherwise,

1.1 **RMS:** RMS means Risk Management system. Risk management is to manage risk of company and clients from volatility of capital market/Currency/Commodity Market.

1.2 **Adjusted Ledger Balance:** Adjusted Ledger balance means clear balance in client's ledger account in company books. For example, proceeds of shares sold but not delivered will be reversed if credited in the ledger and debited Var Margin will be ignored.

1.3 **COMMODITIES in Margin:** COMMODITIES in margin means those COMMODITIES which are approved for this purpose by the Exchange given by the Client to the Company. These are transferred by clients to the Company and may further be pledged by the Company to the Exchange towards the Company's margin obligations for the client.

1.4 **Exposure of client:** Exposure of Client means a client's obligation arising out of (i) Buy and Sale entered into on behalf of the client in cash segment which are yet to be settled and (ii) open position in F O segment.

1.5 **Total Deposit:** Total Deposit means aggregate of ledger balance, value of commodities after hair cut in on behalf, value of commodities after hair cut in margin and cash margin, if any, received from the client.

1.6 **Concentration:** Concentration means the number of each scrip arrived at application of the percentage fixed by the Company from time to time on the basis of average daily volume of trade on the exchange in that scrip during the last 30 Days.

2. Transaction offered to clients:

2.1 Intraday trades: Intraday transactions are, sale & Purchase in any scrip which are reversed by contra transaction of Purchase- Sale in the same scrip and in the same quantity, so that net quantity carried is NIL on a particular trading day.

3. Risk Management:

We are having margin based Risk management system, In which total deposit of client is uploaded in system. Now client can take exposure in any scrip(s) and his deposit will be utilized (based on Gill Broking Var margin) on the particular scrip(s).

In this margin based risk management system, client has to make payment before the time fixed by the Exchange for Pay-In. Otherwise he will be liable for consequences of square off.

Example: A client intends to trade and Ledger balance Credit Rs. 50000 and he wants to buy XYZ Commodity on which Gill Broking Will square off his position at 70% plus applicable charges and taxes.

In case if there is an MTM call or shortage after the purchase of such XYZ commodity then he has to make payment of the remaining amount depending of MTM plus applicable Span margin before T+2 Days.

In case if MTM loss is 20% of the available margin in carry forward position, Gill Broking Private Limited has the right to square off his position.
Further if the client decides to buy ABC Commodity on which Gill Broking will square off his intraday and as well as carry forward position and vice versa. On the MTM loss of 70% plus applicable charges and taxes.

Since the volatile nature of commodities, square off can take place above 70 % also in that case Client will be legally responsible for any debit due to Gill Broking Private Limited. Gill Broking has the right to square off any trade if client fails to provide additional margin on MTM loss or Span margin plus special margin. It is the responsibility of the client to maintain additional MTM margin and Span margin from time to time as Gill Broking will square off the client trades partially or whole depending on the risk of client.