

Risk Management Policy

PREAMBLE

RAYALSEEMA BULLION AND COMMTRADE PVT LTD is a Trading and Clearing member of Multi Commodity Exchange of India (MCX) is regulated by the FMC through their respective byelaws, rules and regulations.

In the course of conducting its broking business, **RAYALSEEMA BULLION AND COMMTRADE PVT LTD** is exposed to variety of risks including market, credit, liquidity, operational and other risk that are material and require comprehensive controls and ongoing oversight.

The risk management framework of **RAYALSEEMA BULLION AND COMMTRADE PVT LTD** for its Commodity Futures broking business is based upon the different client segments, applicable settlement mechanism of FMC/Stock Exchange regulations. We set out below the principles of our risk management framework:

RISK MANAGEMENT POLICY

- Every client is registered with us after due completion of designated KYC and satisfactory identification. Detailed information of every client is recorded before commencing transaction for any new client.
- Initial margin is collected from the respective client and accordingly trading limit is provided to each client.
- Exposure / Limits are set for each respective client on the basis of deposits / credits available and are being monitored on real time basis.
- Real time client-wise Risk Management is done, along with control on margin & MTM obligations.
- Trading in Tender period has been restricted as a precautionary measure against Spot Delivery Settlement Transactions, against strict surveillance.
- Intraday Positions will be squared off when the MTM reaches 80% of the cleared ledger balance.

POLICY FOR DORMANT CLIENTS

- Any dormant client (Inactive for Trading for 6 Months) will be re-activated by confirming his/her identity proof by branch head/in-charge and/or head office staff.
- It will be mandatory to provide proper identity proof in original to re-activate any dormant client prior to trading.

MARGINS

- Minimum Margin required at the time of account opening is Rs 25000.00, adequate margin required for Carry forward positions on T-1 basis.
- Required Span Margin would be calculated and blocked on the system of RMS on the Real-time basis based on the Order placed by the client.

EXPOSURE

- Exposure shall be based on Ledger balance availability of Client's Trading Account and it would be "4X" by default.
- No Adhoc margin shall be provided.**

SQUARE-OFF

Intra Day:

- All outstanding intraday position shall be squared off daily at 11.15 pm at Market rate.
- All pending orders shall be cancelled prior to Intraday Square off execution.
- For all orders not executed after running the 1st intraday square off @ 11.15pm for whatsoever reason further 2nd intraday square off shall be executed @ 11.30pm a market rate as defined above.

MTM

- Margin erosion (MTM) alert message will be sent to the relevant Terminal of mapped client from 40% and on every 10% incremental level.
- 80% Alert for Margin erosion (M2M) Informing client about Client in Square-off mode only.**

ACTION LEVELS:

- On 75% Margin erosion (M2M), Client will be put in square-off mode and client shall not be able to take any further new position.
- On 80% Margin erosion (M2M + Brokerage), M2M square off will be executed from HO-RMS department at Market rate
- After the execution of Sq-off, the client would not be allowed to place an order until he gets Approval from the Top Level Authorities of MCL.