

GRD Securities Limited

Membership of Exchange: NSE | BSE | MCX

(SEBI Regn. No. INZ000193937)

RISK MANAGEMENT POLICY

Policy created by	Compliance Team
Policy reviewed by	Compliance Officer
Policy reviewed on	10.03.2025
Policy Approved by	Board of Directors
Policy approved on	12.03.2025

Version - 1.5

Objective

The company is Securities and Exchange Board of India (SEBI) registered Stock broker of the National Stock Exchange of India Ltd. (NSEIL) & BSE LTD. The company broadly takes into consideration the regulatory requirement, Trader / Jobber Profile, Internal Risk Management Policy, Market Conditions etc., while setting up the exposure limits for and on behalf of its Trader / Jobber.

Exposure Limit for the Trader / Jobber

The exposure limits for a Trader / Jobber shall be set up considering the following parameters:

- THE COMPANY will from time to time impose and vary limits on the orders that the Trader / Jobber can place through trading system of THE COMPANY, including exposure limits, turnover limits, limits as to the number, value and/or kind of securities/contracts in respect of which orders can be placed, etc. THE COMPANY may need to vary or reduce the limits or impose new limits urgently on the basis of the risk perception of THE COMPANY and other factors considered relevant by THE COMPANY, including but not limited to limits on account of Exchange/Regulatory directions/limits (such as Broker Level /Market Level Limits in security/contract specific/volume specific exposures etc.) and THE COMPANY may be unable to inform the Trader / Jobber of such variation, reduction or imposition in advance. THE COMPANY shall not be responsible for such variation, reduction or imposition or the Trader / Jobber inability to route any order through the Trading System of THE COMPANY on account of any such variation, reduction or imposition of limits.
- On a case-to-case basis THE COMPANY at its sole and absolute discretion, may allow higher/lower exposure limits to the Trader / Jobber. THE COMPANY shall have the prerogative to allow differential purchase and sell limits varying from Trader / Jobber to Trader / Jobber, depending upon the past performance, integrity and past conduct of each Trader / Jobber. THE COMPANY shall have the prerogative to determine and prescribe rules for exposure limits and intra-day trading and any other product as well as differential exposure limits for various segments.
- THE COMPANY shall decide the quantum of clean exposure limit. On case-to-case basis THE COMPANY may at its sole and absolute discretion, give higher clean exposure limits to certain set of the Trader / Jobber. THE COMPANY reserves the right to withdraw clean exposure limit granted to the Trader / Jobber at any point of time at its sole and absolute discretion. The Trader / Jobber cannot raise any concern/dispute for the same.
- The choice of the securities to be considered, as THE COMPANY shall determine margin at its sole discretion from time to time and the Trader / Jobber shall abide by the same. The categorization of the stocks and the haircut applicable is reviewed from time to time based on Regulatory Dictates, Market Information and Other Factors as deem fit by THE COMPANY. Any specific event which leads to increase in risks involved related to a particular scrip would also lead to change of category/haircut of such scrip. Also, in extremely volatile market with abnormal price/volume movements, or in case of warnings by Regulators/Exchanges, scrip may be re-categorized without prior notice and the Trader / Jobber shall regularize their trades accordingly.

Limit Setting for Exposures & Turnover:

- THE COMPANY shall follow a systematic approach for setting limits for trading.
The limits shall be set on both Trader / Jobber level basis as also on terminal/branch basis.
Limits shall be set on the following parameters to ensure that at any point of time, no large orders of wrong quantities/wrong rates can be placed from the terminals:
 - MTM limit for the day.
 - Value Limit for each Order.
 - User Value Limit for each User Id.
 - Branch Value Limit for each Branch Id.
 - Price Limit for lower value premium.
- All the limits shall be reviewed regularly by the RMS Officer.
 - All the Branch, shall have defined limits and No User and Branch in the System shall be provided un-limited limits.

Monitoring of Daily MTM & Open Position:

- The Risk Management Team shall monitor the daily MTM of the Trader / Jobber on a daily Basis.
- The Directors, Branch Head and Compliance Officer shall regularly monitor the MTM of Trader / Jobber and conduct stress analysis of the MTM on real time basis.

Imposition of Penalty/Delayed Payment Charges

- The Exchange/Clearing Corporation/SEBI levies penalties on the Member Broker for irregularities observed by them during the course of business. THE COMPANY shall recover such imposed penalties/levies, if any, by the Exchange/Regulators, from the Trader / Jobber, which arise on account of dealings by such Trader / Jobber. Violations for which penalties may be levied are as follows:
 - Auction of Securities pursuant to short deliveries/non deliveries against sale by the Trader / Jobber.
 - Any Other Reasons which the Exchanges/Clearing Corporation/SEBI may specify from time to time.
- Such recovery would be accounted by way of informing the Trader / Jobber.
- The trading activity of the Trader / Jobber should not be aimed at disturbing market equilibrium or manipulating market prices etc. If the Trader / Jobber does so, THE COMPANY may keep in abeyance the Incentive / Performance Bonus till such time that the Trader / Jobber has been able to clearly demonstrate that his/her/its actions were not malafide in any manner.
- THE COMPANY may impose fines/penalties for any orders/trades/deals/actions of the Trader / Jobber which are contrary to any of the rules/regulations/bye-laws of the Exchange or any other law for the time being in force, at such rates and in such form as it may deem fit. Further where THE COMPANY has to pay any fine or bear any punishment from any authority in connection with/as a consequence of/in relation to any of the orders/trades/deals/actions of the Trader / Jobber the same shall be borne by the Trader / Jobber.
- In case Open position (i.e. Short/Long) gets converted into delivery due to non-square off because of any reason. The Trader / Jobber will have to face auctions/internal close-outs, in addition to this the Trader / Jobber will have

to pay penalties and charges levied by exchange in actual and losses if any.

Derivative Trading, Recovery of MTM Loss & Squaring off Derivative positions

- That in the Derivative Contracts, the amount of margin is small relative to the value of the Derivatives Contract so the transactions are 'leveraged' or 'geared'. Derivatives Trading, which is conducted with a relatively small amount of margin, provides the possibility of great profit or loss in comparison with the margin amount. But transactions in derivatives carry a high degree of risk, with unlimited gains and/or unlimited losses.
- That an option holder runs the risk of losing the entire amount paid for the option in a relatively short period of time. This risk reflects the nature of an option as a wasting asset which becomes worthless when it expires. An option holder who neither sells his option in the secondary market nor exercises it prior to its expiration will necessarily lose his entire investment in the option. If the price of the underlying does not change in the anticipated direction before the option expires, to an extent sufficient to cover the cost of the option, The Trader / Jobber understands that it may lose all or a significant part of his trade in the option.
- That the Exchanges may impose exercise restrictions and have absolute authority to restrict the exercise of options at certain times in specified circumstances. That if the price movement of the underlying is not in the anticipated direction, the option writer runs the risks of losing substantial amount.
- That the risk of being an option writer may be reduced by the purchase of other options on the same underlying interest and thereby assuming a spread position or by acquiring other types of hedging positions in the options markets or other markets. However, even where the writer has assumed a spread or other hedging position, the risks may still be significant. A spread position is not necessarily less risky than a simple 'long' or 'short' position.
- That transactions that involve buying and writing multiple options in combination, or buying or writing options in combination with buying or selling short the underlying interests, present additional risks to investors. Combination of transactions, such as option spreads, are more complex than buying or writing a single option and as in any area of investing, a complexity not well understood is, in itself, a risk factor.
- That while this is not to suggest that combination strategies should not be considered, it is advisable, as is the case with all investments in options, to consult with someone who is experienced and knowledgeable with respect to the risks and potential rewards of combination transactions under various market circumstances.
- That liquidity refers to the ability of market participants to buy and/or sell securities/ derivatives contracts expeditiously at a competitive price and with minimal price difference. Generally, it is assumed that more the numbers of orders available in a market, greater is the liquidity. Liquidity is important because with greater liquidity, it is easier for investors to buy and/or sell securities/ derivatives contracts swiftly and with minimal price difference, and as a result, investors are more likely to pay or receive a competitive price for securities/ derivatives contracts purchased or sold. There may be a risk of lower liquidity in some securities/ derivatives contracts as compared to active securities/ derivatives contracts. As a result, my/our order may only be partially executed, or may be executed with relatively greater price difference or may not be executed at all.
- That 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.

- The failures may be on account of the trading software/engines developed by the Exchanges Like NOW/BEST which are beyond the Control at our end. In case of any loss occurred under such circumstances then the company shall not be responsible to indemnify any loss. The Trader / Jobber understands that it shall be cautious to note that although these problems may be temporary in nature, but when the Trader / Jobber shall have outstanding open positions or unexecuted orders, these may represent a risk because of its obligations to settle all executed transactions.
- The RMS Desk would intimate the Trader / Jobber about their open positions The Trader / Jobber having open positions should check their MTM without failure on a regular basis as Margin and MTM Obligations change dynamically during the course of the day. In Such Scenario the company shall be at liberty to Square off the Position.
- THE COMPANY may at its sole discretion close open positions to cover risks in case the Trader / Jobber fails to comply with any Margin Requirements as stipulated by the Exchanges as also if MTM losses breaches the predefined amount. All open positions shall be squared off by Risk Management Team at the prescribed cut-off time on the same day of their acquisition in case of Intra-Day Positions, unless the positions are sooner squared off upon the positions incurring a loss to the extent of the prescribed maximum limit or more as may be determined by THE COMPANY from time to time. The Square-Off of open positions shall be on best effort basis and that if for any reason beyond your control, like force majeure causes, disruptions in the communication network, system failure, slow or delayed response from system, trading halts, or the Exchange applying circuit filters because of which the open positions could not be squared off on T-Day and are carried forward to T+1 Day, the square off such open positions shall be executed on a best effort basis, as soon as may be, and any and all losses, including but not limited to price difference, surveillance margin, penalty, interest, etc., arising from such events will be to the Bonus of the Trader / Jobber.

Disclaimer

THE COMPANY will have a discretion to alter/change any of Exposure limit, selling parameter defined in this policy on the basis of prevailing market conditions 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.

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Dated: - 12.03.2025