



RMS POLICY

DIVYA CAPITAL ONE PRIVATE LIMITED

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Background

The following document describes the risk management policy, applicable to all the segments of Divya Capital One Private Limited. This policy helps Divya Capital One to manage the risk to the client and the company from the volatility of the market.

Overview

Trading exposure shall be given to clients based on the overall deposit so available with Divya Capital One in the form of Cash and Collaterals (post Haircut).

Divya Capital One shall continually monitor the margin applicable towards the trading exposure of the client and total available deposit of the client.

Clients can place various types of orders like through the trading platforms.

Divya Capital One shall have the authority to decide upon the trading exposures to be given to the clients on the basis of the underlying market conditions or any other factors.

Definitions

Cash - This is the clear balance available in the client's ledger account in our books or any other form as may be permitted by the extent rules and regulation of the SEBI / Exchange / CC.

Collateral – This is the stock (which shall include Equity, MF, ETF, T-bills, etc.) that has been pledged by the client in favor of Divya Capital One.

Haircut - Haircut rate shall be as decided by Divya Capital One from time to time, which shall not be less than the exchange prescribed rate.

Risk and Surveillance measures

1. Trading exposure shall be allowed to the clients based on the rules and regulations of the exchanges. Divya Capital One may by itself regulate the trading exposure to be permitted to the clients, provided which shall not be higher than the permissible limit of the exchanges.
2. Divya Capital One shall carry out early pay-in of shares sold from the holdings. Upon successful early pay-in, up to 80% of sell value shall be available to the client on the T-day itself for further exposure. Such additional exposure shall not be allowed if the shares are marked as T1 in the holdings. Divya Capital One may by itself decide not to allow CFS to any or all clients.

3. Exchanges have their mechanism of grading stock under categories like ASM, GSM, ESM, etc. Trading on such graded scrips are disallowed on Divya Capital One, however depending on the market conditions and other factors, Divya Capital One may at its own discretion allow trade in certain scrips falling in these categories.
4. Illiquid securities and Trade-to-Trade securities which have a high VaR margin are subject to high market risks and rate fluctuations. Illiquid securities and Trade-to-Trade securities will have a daily price range (DPR) whereby the chances that these shares can reach the upper DPR or Lower DPR during a trading day are higher than other securities. In the case of Derivative contracts which are Illiquid, dealing would be restricted. Divya Capital One may at its own discretion permit trades in such illiquid Securities / Contract and T2T Scrips.
5. Stock Derivatives contracts are subject to settlement on expiry through physical delivery only. Before expiry an option is granted to the clients to opt in for physical delivery. Clients opting in need to maintain sufficient fund / securities to take or give delivery of shares. Clients need to pay applicable delivery margins to avoid RMS actions. No trades are allowed in the expiring contract from T-1 day of expiry.
6. Penny stock shall have the same meaning as defined by the exchanges. Penny stocks are highly speculative and high-risk counter because of their lack of liquidity, large bid-ask spreads, small capitalization and limited following and disclosure, Divya Capital One reserves the right to disallow trading exposure or EPI benefits on penny stocks.
7. No exposure shall be granted to the clients for the following credits arising during the day:
 - a. Intraday Profits
 - b. MTM arising from B/f / C/f positions
 - c. Net Option premium sold (Except to buy new options position within the segment)
8. Maintaining appropriate margins for all the open positions is the sole responsibility of the client. Margin shortages are appropriately displayed to the clients on the trading app at all times during the existence of the position. Insufficient margins will result in shortage penalty and RMS actions.
9. Clients having an intraday position in any scrip / contract which breaches the circuit limit and is non-tradeable, shall be required to fund the position with relevant margin shortage. In case of non fulfilment of margin such position shall be liable for internal close out or auction. To recover the shortage in the ledger, RMS team shall square off the shares received in delivery as per the relevant provision of "Client Unpaid Share" regulation.
10. During the existence of intraday open positions on the T Day, if such open positions could not be squared off, in such cases a notional debit at the rate of 150% calculated on the closing rate of intraday position would be debited in the client ledger. Once the auction /

close out process is completed the actual bill would be reflected in the client ledger and the notional debit entry would be reversed.

11. General Square off rules: As a part of routine square off, all intraday positions (MIS) shall be squared off by RMS within the last 30 minutes of the market hours. Square off all the positions expiring in the Equity & Currency derivative market shall be squared off any time after 12:00 p.m. and in the case of commodity market any time after 10:00 p.m. All the timings mentioned above are indicative, Divya Capital One reserves the right to square off client position anytime if deemed necessary based on the position held, market condition, fund position and loss arising to the client. Clients may or may not be sent advance intimation for square off.

The square off actions taken by the Divya Capital One RMS team is for the good of the client. However, Divya Capital One shall not be responsible for any loss arising to the client due to square off or inability to square off, Client shall have no claim against Divya Capital One.

Voluntary Freezing the Online Access of Trading Account

This is a feature to address user’s security concerns when a user is certain that the trading account is compromised. By using this feature, the user can freeze the online access of their trading account.

Users have the option to freeze their account by:

- Calling our customer service desk.
- Via email: By dropping an email to stoptrade@divyacapitalone.com with a subject line "**Block Account**"

The online access shall be frozen based on receipt of user request in the following manner:

Request received during the market hours	Within 15 minutes of receipt of freeze instruction.
Request receipt post market hours and 15 minutes prior to start of the next trading session	Before the start of the next trading session

Open Positions and Pending Orders:

All the pending orders shall be cancelled on an immediate basis on receipt of freeze request from the user. With respect to all the open position(s) the user will have the option to square off such position(s) by themselves through the web login (before the account is frozen by Divya Capital One) or by instructing the customer service desk representative. The user also has the

option to continue the open positions if wish to. Details of open positions (if any) will be communicated along with contract expiry information to the user.

Though the account would be frozen, the open position (if any) shall be liable to RMS actions. For losses incurred (if any) while squaring off the open position by calling the customer service desk representative shall be borne by the user.

Enabling / Unfreezing of Account:

To unfreeze the account, the user will have to contact our customer service desk.

The user account shall be reactivated within 2 working days.

All calls to the customer service desk for freeze and unfreeze shall be governed by a due diligence by Divya Capital One. Based on the on-call due diligence carried out, Divya Capital One reserves the right to reject the freeze / unfreeze request.

Once the account is frozen / unfreeze, an intimation shall be sent within an hour to the client on their registered email id and Mobile number.
