

RISK MANAGEMENT/ASSESSMENT POLICY/SYSTEM

Aliceblue Financial Services Pvt Ltd is a member of the National Stock Exchange, Bombay Stock Exchange and Multi-Commodity Exchange in the Equity, Equity Derivatives segment, Currency Derivatives segment and Commodity segment having its Corporate Office No. 153/2, 3rd Floor, M.R.B.Arcade, Bagalur Main Road, Dwaraka Nagar, Yelahanka, Bengaluru – 560063.

Parameters/guidelines followed for Risk Management/Risk Assessment are as under which covers all segments of stock Exchanges namely, NSE, BSE and MCX.

Procedure for identifying the clients:

We generally register a client who is referred to us. We verify customer identity through documentary evidence apart from mandatory in- person verification carried by our employees. We obtain copies of PAN card/Aadhaar/Identity proof and address proof in case of individuals and relevant required documents for NRI clients, corporate and non –individual clients. We verify the original documents to establish the customer’s identity. While analyzing the information, we consider whether there is a logical consistency among the information provided, such as the customer’s name, street address, PIN code, telephone number, date of birth, etc. Sufficient information is obtained to establish the identity of the beneficial owner who ultimately own, control and influence the entity on whose behalf the transactions will be effected. In case of non individuals we identify the ultimate beneficial owners by obtaining details of natural persons of such entities.

Walk-in clients are generally enrolled by interviewing the client and upon verification of all the requirements thoroughly by our employees.

The company will not allow benami or fictitious accounts where the client is desirous of keeping his/its identity confidential or secret. The company will not allow multiple client accounts.

We have in place system for cross verification of the identity of a client in order to ensure that he/she/it is not a suspected entity. For that details of debarred entities notified by SEBI/exchanges are verified.

Policy of acceptance of clients:

The clients such as individuals, HUF’s, Firms (registered or unregistered), Public Limited Companies, Private Limited Companies, Non Resident Indians and Persons of Indian Origin get registered as a client after strictly following Know Your Client formalities prescribed by SEBI / Exchanges/Depositories in this regard.

Transaction assessment:

Payin: Clients can transfer funds into the Trading Account only from such bank accounts which are registered with AliceBlue. Any transfer from a non-registered bank account will not be considered and the client does not get any trading limit credit for such transfers.

The client can transfer funds from the instant payment gateway facility available on the trading platform or on the backoffice. Such transfers will be charged at ₹10 + GST per transfer.

If the client transfers funds via cheque, the details of the transfer along with a copy of the cheque should be made available to AliceBlue for the credit to be updated on the trading account.

Payout: If you place a withdrawal request before 8:00am, the money will be credited to your account same day. If you place a withdrawal request after 8:00am, it will be processed on the next working day.

Pledge & Re-Pledge:

With reference to SEBI circular reference no: SEBI/HO/MIRSD/DOP/CIR/P/2020/143 dated July 29, 2020 & SEBI/HO/CFD/DCR-2/CIR/P/2020/164 dated September 02, 2020, all the Collateral margins can be given only in accordance with the securities pledge to ICCL(Clearing Corporation). This must be initiate from client only and re-pledge should be done from client alone.

Execution of Securities through E-DIS:

In order to execute available Securities in client's account, client can use E-DIS mode (only for who POA is not submitted), by using a TPIN from CDSL. This TPIN can be set by client only.

Margins:

With reference to SEBI Circular reference no: SEBI/HO/MRD2/DCAP/CIR/P/2020/127 dated July 20, 2020, which explains the implementation of Peak Margin across all segments in 4 phases, the maximum intraday exposure are as follows:

Client Funding: AliceBlue will not do any kind of Client Funding. Client has to maintain sufficient margin to Hold/carry forward the Position.

Equity: AliceBlue has a policy of giving the exposures as per the latest SEBI circular on Peak Margin on broad range of stocks for Intraday & positional trades.

With reference to SEBI circular reference no CIR/HO/MIRSD/DOP/CIR/P/2019/75 dated 20th June 2019 and further NSE circular reference no: NSE/INSP/42052 dated 04th Sep 2019 and BSE circular reference no: 20190904-38 Dated 04th Sep 2019, the shares are to be transferred to CUSA (Client Unpaid Securities Account)(Incase when the account is in debit, and the debit value worth of shares would be moved to CUSA automatically) and debits are to be cleared within 7 days of trading or 5 trading days from settlement i.e. T+7 or S+5 days. In case the debit is not cleared, the broker is comply to sell the available CUSA shares on T+7 day.

Demat A/c: AliceBlue member of CDSL will offer open DP Accounts. Client will have a facility to link his trading account with Demat account. It is mandate to open demat account along with the trading account to avoid Securities Payout obligation. Transfer of shares from a third-party Demat account in to AliceBlue pool account and subsequent selling of such stocks is not allowed.

Futures and Options: AliceBlue will not do any kind of Client Funding. Client has to maintain sufficient margin to Hold/carry forward the Position. Leverage provided here is subject to Peak Margin requirements and market conditions & changes in its proportion are dynamic which comprehensive real-time margins are.

MCX Commodities: Intraday (MIS) trading is allowed in all commodities subject to Peak Margin requirements. Leverage provided here is subject to market conditions and changes in its proportion are dynamic, which comprehensive real-time margins are.

NSE Currencies: Intraday (MIS) exposures are based on the Peak margin collection adding to this, all these exposures are completely based on the market conditions and its proportions are completely at the discretion of RMS department.

Cover Orders: Currently available for FO and MCX typically the margin benefit under this is same relative to MIS positions.

Bracket Orders: Currently available for NSE EQ, FO (Only Futures) and MCX typically the margin benefit under this is same relative to MIS positions.

Risks pertaining to commodity options that devolves into futures on expiry:

- All open options contract will be devolved into futures on the expiry date of the options contract.
- The exchange blocks a margin equivalent to 25% of the margin required to hold the devolved future contract 2 days before expiry and 50% of the margin, 1 day before expiry.
- Failure to produce the margin in the trading account can lead to a square-off of open positions at the discretion of the RMS team.
- The margin block will be applicable for contracts part of the exchange's sensitivity report.

Intraday products (MIS/BO/CO) square off timings:

Order Type	Equity/Cash	Futures	Currency futures	Commodity
Intraday Margin Time (MIS,CO and BO)	3:15 PM onwards	3:10 PM onwards	4:40PM onwards	11.15pm/11.40pm onwards based on Daylight Saving

*Note:

1. All netwise MIS orders will be blocked 5 minutes prior to the Intraday Square off time.
2. Intraday square off timings can change based on the discretion of our risk management department. A Call & Trade charge of ₹20+GST Charges will be applicable for all positions squared off by our RMS desk, including auto square off.

If any intraday position or an MIS trade is not squared off on the same day due to any link or system failure or any risks associated with internet/wireless based trading which may occur at the end of the Client, ALICEBLUE or the respective Exchange, it shall be treated as a Cash and Carry ("CNC") or carried forward to the next trading day. In case of such a situation arising, the onus of squaring off the position will be on the Client. Our RMS desk shall square off any such position, without the requirement of a margin call, if the necessary cash/ required margin is not available in the Client's account.

Note

- A Call & Trade charge of Rs. 20+GST is applicable for positions squared off due to insufficient funds.
- Bracket Order and Cover Order is not available for stock options.
- Positions which do not have sufficient funds can be cut any time at the discretion of our RMS desk. There will be no margin calls or intimation from our RMS desk.
- Any open positions can be squared off at the discretion of our RMS desk If the funds available in your account are short of exchange specified margins. There will be no margin call before the position is squared off.
- During times of extreme volatility, the loss could be more than the funds available in your account before the position is squared off. All resulting charges or debts that might occur from such square offs will have to be borne by the client.
- When MTM has reached 70% of loss to the available cash margin, such positions will square off from RMS end and client will receive all related alerts on their Terminals & as SMS to registered mobile number. (Remaining available balance we are not allowing you trade)
- All BO, CO and MIS positions will automatically be squared off at the end of the each trading day.
- Bracket Order charges is applicable Rs.4+GST for One Side based on execution of orders.
- Trading in MCX contracts will be banned a day prior to the delivery intention period.
- Basket orders will not be allowed on penny stocks.
- With reference to SEBI circular reference no CIR/DNPD/7/2011 dated August 10, 2011 & SEBI/HO/CDMRD/DRMP/CIR/P/2016/80 dated September 07, 2016 and further NSE circular reference no: NSE/CMPT/18591 dated August 10, 2011 and MCX circular reference no: CIR/HO/MIRSD/DOP/CIR/P/2019/88 Dated CIR/HO/MIRSD/DOP/CIR/P/2019/88, all the Exchange related Penalties occurs due to the shortfall of non availability of adequate margin in MCX, F&O, CDS segments RMS will charge the Penalties.
- At any point of time, client should be having 25% of NRML margin(SPAN+ELM) for the Intraday purpose to avoid the Peak margin penalty, which was instructed from SEBI with circular reference no: SEBI/HO/MRD2/DCAP/CIR/P/2020/127 dated July 20, 2020.

- Apart from SPAN+ELM (in futures & option sell) & 20% upfront margin (in cash segment), the additional and/ or adhoc margins & MTM must be cleared on T+2 day basis. If failed to pay so, there will be penalty which will be levied from respective exchanges.
- Clients will have to ensure all CO and MIS products are closed by the EOD.
- BO and CO is not allowed in preopen for Equities.
- In volatile market BO orders second leg will may cancel or execute. On execution on orders is possibility for profits/losses and client will be full responsibility for the executions.
- Payments will only be accepted from the client's registered bank account, cash and DD payins are not accepted. If Payments Received from other bank then for Reversal the amount service charges is applicable(>1000 = 500+Gst / < 1000 = 100+Gst)
- Commodities with staggered delivery will be closed a day prior to the marked Tender date in order to avoid physical delivery, and such contracts will be square off from RMS with a prior intimation to the respective clients.
- On the start of the delivery intention period, clients will not be informed before closing any open positions to avoid compulsory delivery notice. Clients are advised to close their positions well in advance.
- For Commodities, on the start of delivery intention period, no contract will be available under MIS or CO product type.
- Physical Delivery of Commodities is not allowed.
- Because of illiquidity of stock option contracts, market orders have been disabled on stock options. Only limit orders are allowed. Place a limit buying order higher than the current price or selling order below the current price, this will act as good as market order but will also protect from any impact cost due to illiquidity.
- Instruments available for trading at AliceBlue are subject to the discretion of the risk management team, and these may change from time to time for various reasons.
- In case of Weekly or Monthly expiry Index options, all liquid options will be square off from RMS starting from 3:15PM on every expiry day.
- In case client's account is in debit balance and/or if you have insufficient funds to manage your trading positions, you will be charged an interest of 24% p.a as delayed payment charges (Daily Basis).
- All information mentioned here is subject to change at the discretion of our Risk management team.
- Client can refer their trade & margin details in their BackOffice including their Global reports.
- Only 50% value of holdings square off benefit will be available immediately & no benefit will be given in case BTST holdings.
- BTST is allowed only, if there is a credit balance in client's ledger.
- MTF is allowed only for the Approved stocks list from NSE and/ or BSE.

Contract Notes:

AliceBlue will issue contract notes & margin statements to its clients within 24 hours of the trade taking place. Along with the Contract Note, the client shall also be furnished with a copy of the daily margin status which is also available to be viewed on their respective Backoffice Personal Ledger.

Closing of accounts/dormant account:

Based on client request only we can close the account (Trading/ Demat). Closing of account shall mean that there is no outstanding balance of shares or funds in the client Ledger. As far as dormant accounts are concerned, we do not close such accounts, but mark the same as "Inactive" till further action by the concerned client.

Inactive Policy:

All that you need to know in case your trading account is not active for more than 12 months as per the circular Ref No: NSE/INSP/46506 Dated: December 01, 2020. If the client wants to reactivate post Inactive marked, they should submit the KYC form after done with IPV from our employees.