

**Risk Management Policy  
Equity & FNO**

**Version 3.1**

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## 1.Roles and responsibility of Risk Management Group of ABML

- Shortfall in Margin to be made up in least possible time
- To exit client positions without any Credit risk
- Co-ordinate with Head Broking, Branches/Franchisees and monitor “Collections” and Net debit positions at portfolio level

## 2.Deviation Approving Committee

- Director – ABML
- Head Broking.
- Head - RMS- etc

**Any Deviation which is not listed in the “Deviation Matrix” can be approved by the following members (Quorum: Any two):**

- One member from Deviation/Exception Approving Committee
  - Head – RMS - ABML
  - Chief Compliance & Risk Officer - ABFSG
- 
- All Deviations must be approved only by officials authorized to do so and strictly as per Deviation Matrix
  - All Deviations must be properly documented such that there is adequate audit trail – RMS to ensure this
  - No Deviations to be allowed based on verbal/oral or sms approvals. Official emails/written approvals to be taken in 100% cases. In case any Approver is “travelling” and is not in a position to give official emails/written approval, based on the “exigency” of the case, the Cluster – Head/Zonal-Head can send an email to Head-RMS with Copy to said “Approver” stating that Cluster – Head/Zonal-Head has spoken to the “Approver” and based on such telephonic discussion or sms approval received, Approval may be granted. RMS can act based on such email confirmation. For all such cases, to ensure that there is adequate audit trail, Cluster – Head/Zonal-Head to ensure that they send the “Original email/written approval” from the said “Approver” within 15 calendar days.
  - RMS to maintain the original “Approval” (*hard copy / soft copy*) from the appropriate “Approving authority/Committee” in 100% cases. RMS to prepare “Monthly Deviation MIS” (in excel format) once every month (*covering all Deviation cases approved in the previous month*). Hard copy of such monthly MIS to be maintained. Excel soft copy of such MIS to be emailed to following members once every month.
    - Deviation/Exception Approving Committee – all members
    - Chief Compliance & Risk Officer - ABFSG

### 3.Process or Trading Flow

Orders are placed in the Branches based on the request from the Clients

Dealer will check the “net credit” / “limit” upload in the Client Account before entering the order in the system

When the orders are accepted, confirmation of the order and the trade will be received in the respective NEST / RMS Terminals.

For order acceptance in equity, the “Net Credit” / “Limit” upload should be positive

For order acceptance in futures and options, the “Net Credit” / “Limit” upload should be greater than or equal to the Span+ Exposure margin % utilized by a contract

For further order acceptance, on top of the existing positions, the “Net Credit” / “Limit” uploaded (net of any notional loss) should be greater than or equal to the Span utilized

The orders may get rejected for various reasons and the reason for rejection is flashed in the NEST / RMS. Some of the common reasons for rejection are as follows:

- RMS rule Margin Violation
- Assign basket for T, XT, BE, Z group stocks if placed in NRML & MIS
- Client deactivated/disabled/Dormant – Registration & Surveillance
- Blocked for trading
- Tick size error
- Scrip suspended – Ban Period
- Check T1 holdings – Name change in stock or Stock not available in clients Demat holding
- Market close for normal order
- During market hours After Market Order closed

### 4.Error due to Margin Violation

- **Case 1:** Assume Client is having a credit of Rs.10,000 in the Trading Account and the SPAN+EXP Margin for a lot of NIFTY is Rs.12000. When an order is entered into the system, the order would be rejected stating Margin is violated by Rs.2000/- i.e., (12000 – 10000).
- **Case 2:** Assume Client is having a credit of Rs.30,000/- with two NIFTY long positions, Margin amounting up to Rs.24, 000/- (i.e. Rs.12000 each). When an additional order for 1 lot of NIFTY (long) is placed, system would reject the order stating Margin is violated by Rs.6000/- i.e. ((30000-24000) – 12000))
- **Case 3:** Assume Client is having a credit of Rs.5,000/- and places order in equity for buying 200 quantity of SAIL at Rs.163 for an overall value of Rs.32,600, the system would reject the order stating Margin is violated by Rs.12,600 ((5000\*4)-(200\*163))

- **Case 4:** Assume client is having a credit of Rs. 15,000 with 1 NIFTY long position and he further places an order for buying 100 quantity of SAIL in equity at Rs.163 for a value of Rs.16,300, the system would reject the order stating Margin violation by Rs.4,300 ( (15000-12000)-(100\*163))

## 5.Client Profiling

There are 2 types of client profiling:

1. Normal
2. Dormant

### Dormant Profile:

Clients who are inactive for the last 1 Year, as per client wish to Reactivation the same by following process or Reactivation digital/physical as per client preference.

## 6.Trading Profiles & Exposure Privileges

### Trading Profiles & Exposure Privileges – EQUITY segment

Product	Securities Group	Exposure
MIS	F&O Securities	5 Times
	Collateral securities(ABML+NSE)	5 Times
	Collateral securities(NSE)	4 Times
Cover Order	NIFTY 50 Stocks	Upto 5 Times with SL
Bracket Order	NIFTY 200 Stocks	Upto 5 Times with trailing SL
NRML	All securities	Higher of Exchange specified Var + ELM + Adhoc margin or ABML margin

\*Securities are reviewed daily to synchronies with exchange Margin %.

### Trading Profiles & Exposure Privileges – EQUITY Derivatives segment

Segment	Product	Securities Group	Exposure
Equity Derivatives	MIS	Future / Option writing	Exchange specified Span + Exposure + Delivery Margin
	NRML	All Underlying	Exchange specified Span + Exposure + Delivery Margin
	Cover Order	NIFTY & BANKNIFTY	Exchange specified Span + Exposure
Currency Derivatives	MIS	Future / Option writing	Exchange specified Span + Exposure + Delivery Margin
	NRML	All Currency pair	Exchange specified Span + Exposure + Delivery Margin

**Trading Profiles & Exposure Privileges – Commodity Derivatives segment**

Product (Order Type)	Symbol	Exposure
MIS	Non-Agri Product Only	1 Time
	Illiquid scrip < 100% OI	NA
Cover order	GOLD, GOLDM, SILVER, SILVERM, SILVERMIC, CRUDE OIL, CRUDE OIL MINI, COPPER & COPPERM near month contracts where 1/4th of the Exchange span is charged.	1 Time
Options	Non-Agri Product Only	1 Time
	Illiquid scrip < 1 00% OI	NA
NRML	Non-Agri Product Only	Exchange Margin
	Illiquid scrip < 100% OI	NA

**Auto Square-off:**

Margin Intra-day Square-off (MIS) , Cover Order ( CO ) , Bracket Order ( BO ) is a product designed for intra-day trading

Clients willing to carry forward the intra-day positions may convert the positions from MIS to NRML as per margins available.

The auto Square-off shall commence 15 minutes prior to market close (15:15hrs for Eq,FnO , 16.45hrs for CDS)

The auto Square-off for Non Agricultural Products in commodity shall commence 20 minutes prior to market closing hours (23:10 hrs / 23:35 hrs).

**7. Monitoring of Mark to Market**

Clients incurring Mark to Market loss of 80% of the combined margin (Collaterals and Cash), open positions will be closed. For clients having debit with risk cover < 10% will not be allowed for c/f.

$$\text{Risk Cover \%} = \frac{(\text{Stock Value (B.H.Cut)} - \text{Ledger Debit} - \text{Option sell value})}{(\text{Stock Value(A.H.Cut)})} * 100.$$

### Trading during Tender period

RMS to ensure that we do not create “open positions” in Sellers Option during Tender Period, as it may lead to penalty being imposed by the Exchange. Client’s should not take fresh position during the last 5 days of the contract expiry in contracts having provision with Seller’s right to deliver and in contracts where delivery is based on intention matching, except in international reference able commodities. This is applicable at client level and for the last 5 trading days of the contracts in respect of contracts having other than compulsory delivery logic. Clients having open position and intending to deliver are required to give their intentions at least five days before the expiry date of the contract.

### Tender Period Closing of Positions and Deactivation

<b>Applicability</b>	Applicable for all Business Partners and Branches
<b>Who will Close of Positions and Deactivation?</b>	Risk Management Group of ABML
<b>Maker</b>	RMS Team
<b>Checker</b>	RMS – Team
<b>Supervisor</b>	Head – RMS
<b>Tender Period Closing of Positions and Deactivation Checked on Daily basis</b>	All Franchisees’ and Branches’ Positions to be closed During Tender period for Seller and Compulsory contracts, Deactivation of these contracts in order to avail fresh positions. Within this frequency, RMS – Head can decide After the acceptance of delivery intension Letter and full credit against the contract will be allowed during tender period.
<b>As per Exchange Circular any Proponent of Tender Period Closing of Positions and Deactivation</b>	To be checked Exchange Circular on daily basis.

### 9. Cheque Acceptance Policy

Physical cheque must be with Branch/Franchisee (authorized staff) and said Original instrument to be captured in In-house software. This rule is applicable to all kinds of clients and all trades with ABML. Branch/Franchisee will be held solely responsible and accountable for any violation of this policy.

Limit will not be provided against cheque capture (subject to availability of comfort) clients.

Cheques issued by only the "Positive list" of Banks will be acceptable to ABML. Cheques issued from bank accounts not mapped in our system will not be accepted.

Risk head receives MIS report and review on limit setting against UR cheques on daily basis.

Post-dated cheques/un-dated/ Outstation cheques are not acceptable. Third party cheques are not acceptable.

Cheque is of the same Bank account which is "registered" / "mapped" to the client a/c in our Bank-end software/systems.

At the time of receipt of cheque from the client, Branch/Franchisee must check the following prior to "entering" the details of the instrument Back-office system. Branch/Franchisee will be solely responsible for 100% adherence to these "cheques":

### 10. Limit upload in NEST:

In NEST, the UR cheque value will not be uploaded as limit and will not be available for clients to take position in Equities.

Given below are the details of upload under LD menu. **Cash Margin :**

Combined Ledger Debit / Credit as on date as per back office

(-)

Unreconciled amount ( cheque amount not yet cleared)

(-)

Selling value which is not given delivery ( short sell value)

### Collateral Value:

Stock limit available in collateral via Margin Pledge only after respective haircut (This value can be used for trading in Equity & FnO).



- Only adjustable securities, Mutual Funds (10%) & Bonds (20%) are considered for collaterals.
- Haircut depending on the carry forward times of the security ( Var+Elm +Adhoc Margin+Adhoc Margin)

**Adhoc Margin:**

Total MTF Funded Stocks Value (on Purchase value) in MTF Product based on pledge confirmation.

Please note MTF securities are not considered for stock limit to allow positions for FnO

**11.Base Capital Management (Approved List of stocks)**

- Only adjustable securities, Mutual Funds & Bonds are considered for collaterals.
- Haircut depending on the carry forward times of the scrip.
- Debit in an account due to a purchase of securities or due to Mark to Market loss will have to settle through payment.
- If such debits are not cleared, RMS may take suitable action would be initiated.

**RMS Checklist:**

RMS maintains maker-checker for all of its upload processes duly controlled by RMS Team and RMS manager. Checker will mail the confirmation of uploads by random check.

Any deviation / exception are brought into the notice of RMS Head immediately by the executive during the process upload or before trading commences.

**12.Ageing Debit**

Ageing Debit is classified as Debit outstanding in Client a/c beyond T+1+5 days in Equity & Derivative segment.

- Debits lying in client accounts either due to MTM or towards purchase of stocks with adequate comfort are categorized under ageing debits.
- Branches have the provision to view details of clients Ageing debit through Wedge, E-Mac and LD Diet.
- Information will be shared by RMS through SMS to clients.
- RMS initiates selling for those clients where payment is not collected.
- System randomly selects stocks up to the value of debit irrespective of whether stocks are held in CUSPA account , Collateral (Margin Pledge) or in POA demat a/c.
- Shares worth 125% of the debit will be held under pledge in ABML CUSPA and the remaining shares will be released to the buyer's demat account on T+1.
- Selling of ageing debit is done at 12.00 p.m. by RMS in NSE/BSE only and in CNC mode.

With reference to SEBI Circular No. SEBI/HO/MIRSD/MIRSD2/CIR/2016/95 dated September 26, 2016 & CIR/HO/MIRSD/MIRSD2/CIR/P/2017/64 dated Jun 22 2017. Ageing debit process has been changed as follows.

If Equity shares worth Rs.10 Lakhs are purchased on 1st of a given month (being Monday), and remains unsettled till 9th of month (being Tuesday), ageing debit selling will be initiated on the same day i.e. on Tuesday to enable you to avail continuous trading facilities from 10<sup>th</sup> day of the month (being Wednesday).

Alternatively further exposure on securities shall not be granted if ageing debits remain uncleared by T+1+4<sup>th</sup> trading day, which in turn will result in trading facilities being blocked in all segments from T+1+5<sup>th</sup> trading day onwards till clearance of ageing debit.

### **13. Margin Calls and Compulsory Square-off:**

#### Clients Who Fall Under Compulsory Sell-Off:

1. Clients who are in shortfall of margin by virtue of positions taken in FnO
2. Clients who incur MTM losses due to their positions in FnO
3. Debits not cleared towards earlier purchases and stock value depreciating

The points stated above denote a client to be under the purview of Compulsory Sell-off from RMS by 9.45 am for want to payment towards margin fulfillment.

Earlier steps followed by RMS for CSO: Currently for clients falling in Shortfall, RMS does intimation by way of SMS & Oral communication by mentioning the sell off timeline.

- SMS communications are being sent to clients via SMS
- This is in addition to the MIS which carries shortfall client details available to Branches through E-Mac, Wedge and LDDiet.
- The above process was followed for all ABML Branch/BP clients barring Wealth clients.

### **Margin Penalties Effective November 1, 2024**

- The provisions outlined in circulars NSE/INSP/64315 and MCX/INSP/662/2024 state that penalties imposed by clearing corporations for Increase in margins on account of change in hedge position by client/ expiry of some leg(s) of the hedge positions, the penalties will be posted for the clients in the ledger from the November 01, 2024.
- Penalty for short/non collection of upfront margins due to dishonoured cheques issued by clients will be passed on the client.
- Penalty on short/non collection of upfront margins any increase in margin obligation resulting changes in the client's hedge positions or expiry of hedge leg(s) will be passed on to the client.  
Ex: – If you hold a buy position this week (on expiry days) and a sell position for the following week or month, your margin will increase by the end of the day. As a result, a short-margin the penalty levied by Member Will be passed on to the Client.

#### 14. Margin Policy for trading

- For all F&O contracts and Equity, the minimum Margin that must be collected from the client should be equal to the minimum margin stipulated by the Exchange.
- Limit (for trading) would be provided for fresh buy/sell positions only on receipt of minimum as prescribed by the respective Exchange.
- **Factors which would constitute for the limit upload are as follows:**
  - a) Credit balance
  - b) Approved stocks in Margin Pledge after a haircut of NRML Basket Margin %

#### The margins stipulated by the Exchange as follows:

- **Initial Margin:** The margins collected upfront for taking long/short position would be referred to as initial margins. Both exposure margins and margins levied by the Exchanges based on volatility would be a part of the initial margins. The initial margin percentage is notified by Exchanges in advance for respective contracts. However, in case of abnormal volatility in any contract or in order to prevent defaults in the system, the margin percentage can be increased by the Exchange at any point of time during the continuance of a contract. As soon as the margin percentage is increased, the revised percentage will apply to all existing open positions as well as fresh positions to be created subsequent to such increase. Initial margin is meant to cover the largest potential loss over a One day horizon.
- **Special Margin:** In case the price fluctuation in a contract during the trading session hits the upper or lower limits of the circuit filter applicable on that contract compared to the base price of the day and the circuit filter is relaxed, a special margin equivalent to the percentage by which the circuit filter is relaxed is applied. Such margins are imposed only on one side, i.e. either the long side or short side. Calculation and collection of additional/special margin amount is done online on real time basis.
- **Additional margins:** Margins imposed on both long and short sides over and above the other margins, would be called additional margins. Calculation and collection of additional/special margin amount is done online on real time basis.
- **Delivery Margin:** In case of positions materializing into physical delivery, delivery margins is charged for each commodity. The same is calculated based on the number of days required for completing the physical delivery settlement – the look-ahead period – and the risks arising thereof. When a contract enters into delivery period towards the end of its life cycle, delivery period margin is imposed. Such margins are applicable on both outstanding buy and sell side, which continues up to the settlement of delivery obligation or expiry of the contract, whichever is earlier. The delivery period margin is calculated at the rate specified for respective commodity multiplied by the net open position held by a member in the expiring contract. When a seller submits delivery documents along with surveyor's certificate, his position is treated as settled

and his delivery period margin to such extent is reduced. When a buyer pays money for the delivery allocated to him, his delivery period margin is reduced on such quantity for which he has paid the amount. If delivery does not happen with respect to certain open position and is finally settled by way of difference as per the Due Date Rate, the delivery period margin is released only after final settlement of difference arising out of such closing out as per Due Date Rate.

- **Mark to Market Margin:** The loss/Profit incurred in the open positions on the F&O contracts are referred as mark to market margins. The Mark to Market loss/Profits gets adjusted in the Net Credit/Debit. These margins are to be settled through payment on T+1 day itself.

### 15. Policy on Trade modifications - Dealing errors (Misdeal/Trade split)

Misdeals/Trade splits are defined as trading errors (*placing an order which is different from what the client has requested to place*) committed either by the Dealer or the RMS executive. Any trade that has happened wrongly or booked wrongly (and position squared off resulting in a loss in the client account) due to an operational error is a Misdeal trade. Some of such common errors are: Wrongly punching the client ID, typing errors, wrong trade execution due to oversight/fatigue by Dealer or by RMS executives, excess squaring off, excess buying/selling, squaring-off the wrong expiry contract. After an investigation of the case, if it is observed to be a systems or a human error, the loss amount would be credited to the client a/c. While human error can happen while punching/placing a trade, RMS must be vigilant to prevent any such errors committed deliberately/intentionally by Dealer/RMS executive etc. RMS must check for authenticity of "error trades", must check if anyone is trying to manipulate rates, or trying to move profits from one a/c to another a/c.

As per the process, Trade Modifications policy has undergone below changes and will not be carried out at any circumstances.

#### Please note the below:

1. **Modification of position in Family A/c:** In case trade splits are done where original client code and modified client code belong to a family (Family for this purpose means spouse, dependent parents, dependent children and HUF) there will be a penalty of 1% of the value of the transaction and the same will be passed on to the Client Account.
2. **Punching Error:** As and when trade modifications are sought due to punching error by the employees, the trade modifications will be carried out on approval of COO and details of penalty will be passed to HR to be adjusted against the concerned employee's remuneration.

Threshold amount of <b>loss</b> to be booked in ABML a/c due to Misdeal per case/client (in Rs.)	Approving Authority to approve rectification of the Misdeal (and subsequently take the loss on ABML account)
Profit to be booked in ABML a/c	Head – RMS
Upto Rs.10,000	Head – RMS
>Rs.10,000 and <Rs.2,00,000	Head Broking / Chief Financial Officer
>Rs.2,00,000	Head Broking & Chief Financial Officer

#### 16. Shifting clients from one Branch to another & Clients closure of ABML relationship

- Client should not be shifted with open position ( If comfort is not available)
- Client must not have a “debit without comfort” balance in her/his account (Branch to Branch transfer can be effected for less than Rs.1000/-).
- If transferee Branch /BP has accepted the debit collection transfer can be effected .

#### Pre-requisites before a client account is closed

- There is no “debit” balance in the client a/c
- There are no UR (un-realized) cheques which are pending realization

#### 17. Debtors Management:

RMS prepares the client wise debtors without comfort report on periodically basis and informs the same to Business verticals for collection .

$$\text{Debit without Comfort} = \{ \text{Total Stocks Value (B.H.Cut)} + \text{Option Value} - \text{O/S Sales} - \text{Net Dr/Cr} \}$$

RMS is sharing client wise Business Partners’ debit without comfort, where Accounts Department will compute the amount to be released to the Franchisee’s based on their income and trading Debit without comfort with necessary changes and approvals.

For releasing Business partners’ monthly brokerage, withheld based on client wise debit without comfort is being calculated as below:

$$\text{Debit without Comfort} = \{ \text{Total Stocks Value (B.H.Cut)} (\text{excl POA Stocks}) + \text{Option Value} \\ - \text{O/S Sales} - \text{Net Dr/Cr-Unreconcile Amount} \}.$$

**18. Mutual Fund Transactions through MFSS:**

- Orders can be placed through NEST / Exchange direct terminals.
- Post order placed client will receive the link for payment through UPI/NEFT/Fund Transfer from Beneficiary owner Registered Bank Account.
- Both benefit of FUND/Units will be directly credited to clients Bank/Demat Account.
- Redemption can be made only Free Demat Holding UNITS

Post the placing of order, client details are validated by Exchange and RTA at T day EOD.

**Client detail validation:**

Post the placing of order, client details and Units redeemed are validated by Exchange and RTA before T day EOD. Only after the required validation the Redemption proceeds will be successful.

**19. Buyback / Tender Offer:**

Clients need to have sufficient securities in POA demat account / transfer (for NONPOA) the required securities to participate in BUYBACK / TENDEROFFER to pool account by using OFF-Market Slip as per back office requirements.

After confirmation receipt from back office, RMS will provide the confirmation on release of securities to participate in Buy Back to respective team ( if any necessary ).

**20. OFS Participation:**

On Offer For Sale day Funds team to move upfront margin to exchange NSE /BSE before order placement as per exchange norms.

RMS will provide the confirmation on Margin maintenance to participate in OFS to respective team with order qty, Rate .

Need to ensure order value not to exceed Rs.2 lacs for RETAIL Investor participation.

**21. SEBI MTF Product**

For Trading account opened on or after 01<sup>st</sup> Sep 22 shall have DDPI POA and Version 5 as mandatorily to map in SEBI MTF Funding facility.

Client has to accept his consent towards MTF Funding facility through online by accepting Rights and Obligation to map SEBI MTF category.

**Cash & Security Margin Upload:**

- Combined cash margin (Normal + MTF) is being uploaded in trading system as cash margin column.
- Funded Stocks (purchased) are valued on purchase price and uploaded in NEST.
- Funded Stocks which is bought in MTF product only uploaded as position as like obligation valued at purchased price.
- MTM loss only will be adjusted against available limit (LTP Vs purchased price)
- Margin is being utilized for positions based on approved scrip wise margin % maintained in MTF category.
- On T day EOD available Cash / security margin in Normal product will be transferred to MTF towards MTF margin requirement.
- Client can hold the buying positions in MTF for more than T+1+5 by meeting the required margin and MTM time to time.

**Risk Conditions:**

- Group – I securities shall be considered towards SEBI MTF Funding.
- MTF approved scrips are shall be traded in NSE.
- Scrips having market capitalization more than Rs.1000 /- crores are being considered in MTF.
- Scrips having average volume of Rs.5 crores per day in last 6 months'.
- Scrips are having MTF funding more than Rs.5 crores in NSE.
- Having higher h.c of 70% in case of promoter pledge is more than 50%.
- MTF approved Scrips shall not be part of Surveillance indicator ( ASM, GSM, ESM ,...)
- Scrips available in T,Z,BE,BZ group & Illiquid category are not allowed in MTF.
- Security valuation shall be as per ABML H.C % or SEBI MTF H.C.% whichever is higher.

- For MTF clients security valuation (including Normal product) is being carried based on MTF H.C. only in trading system.
- Client who has activated in MTF and doing Transaction in MTF Stocks MTF funding can be carry forwarded more than T+1+5 days.
- Maximum Debit is restricted to the extent of availability of ABML's Exposure norms.
- NO Mutual Funds, Bonds are accepted towards MTF collaterals.
- In case of scheme of arrangement, Surveillance measures or T2T transfer, it will be immediately removed from Approved list of stock. In case such stock is considered as Margin Pledge; Client must replace such stock with suitable stock / appropriate cash margin. In case Debit is outstanding against purchase of such stock, Client must make full payment towards such stock and get the shares transferred to DP A/c or liquidate the scrips.
- ABML reserve the rights on increasing margin requirement than exchange prescribed from time to time.

Risk Cover % to be maintained at 15% MTF Clients towards funding

- Risk Cover % =  $(\text{Stock Value} - \text{Ledger Debit} - \text{Option sell value}) / \text{Stock Value}$ .
  - For e.g. Client has Equity stock worth Rs. 100,000 in and Ledger Debit of Rs. 50,000, then Risk Cover % =  $(100,000 - 50,000) / 100,000 = 50\%$ .
- As part of risk process in MTF product debit can be allowed till T +90 Days. On T + 85 Day RMS triggers an alert to client on SMS / Branch Manager / BPs via mail to clear the MTF debit balances outstanding.

#### **Shortfall intimation:**

- Shortfall amount in MTF product will be calculated on T day EOD / T + 1 Day and any shortfall will be intimated via SMS.
- On T day EOD available Cash / security margin in Normal product will be transferred to MTF towards MTF margin shortfall.
- At any time, risk cover of 15% to be maintained else funding stocks will be sold to extent of funded value. If funding stocks are not sufficient for debit clearance, then collateral stocks will be sold.

#### **Excess Stock Release:**

- MTF excess will be released on regular basis excess means MTF stocks will be hold in MTF pledge equivalent to MTF Debit rest of stocks will be moved to clients POA DP and initiate Margin pledge .



IF Margin pledge accepted by client then limit will be updated to transaction both MTF and non MTF scrips and FNO from next trading days.

## 22. Physical Delivery in Equity Derivative segment

As directed by SEBI & Exchange (Download Ref no NSCCL/CMPT/38039) dated June 15, 2018 all underlying except Index will be finally settled in Physical Settlement mode in Equity Derivatives. If any Client having F&O position wish for delivery of any F&O contract, based on 100% margin availability, it is allowed for security receivable / security deliverable.

- Clients are getting margin bill, contract note for open positions on regular basis.
- Prior to expiry of 10 days information to client is provided via SMS as added information to avoid additional margin on physical settlement positions by insisting to do rollover or closure of positions.
- On expiry day all current expiry contracts are in blocked (stocks) status which settles in physical delivery mode.
- Client is getting prior information on expiry day intimation to closeout /rollover current month expiry.
- Branch / BP Team need to follow-up with client to ensure rollover / closeout to avoid physical delivery.
- RMS team closes the derivative positions to avoid resulting in physical delivery in case of no intimation received from client /branch /BP or sufficient action is not taken at Branch / BP / Client level. (including the contracts for which underlying spot price is near 10% of strike price to avoid ITM situation due to price movement)

## 23. SLB Product

- Account activation team will make arrangement to send the document (Rights and Obligations) to branch after receipt of request received from branch by validate the client, to get documents signed.
- Client has to accept his consent via physical mode towards SLB Rights and Obligation agreement signed by client via in physical format.
- Client / Branch team can download the segment activation requisite format from wedge and fill up the same and send to Account opening / modification team.
- Account opening / modification team will validate the documents and upload the UCC on SLB segment.
- Once UCC process has completed orders can be accepted from clients routed through branch team (Order type, underlying, expiry, Qty....)
- After receipt order details from business team, orders will be placed only at H.O. desk (Direct exchange Order system) for securities available for trading.
- Orders will be placed only for Lending.

- Only for POA enabled client in ABML are allowed to lend as to ease the Early pay in to avoid margin maintenance by Lender.
- Once orders were received by processing team, will inform to Back-office team to arrange Early pay in of securities to avail margin benefit.
- During daily EOD Back-office process, SLB will be included for billing, contract note generation...
- Settlement dates will be on the first Thursday of the respective month, in case of Thursday being a holiday settlement will be postponed to next working day.
- As SLB transaction is not an 'Transfer' under Indian Income Tax, hence STT, SEBI turnover Tax will not be applicable.

#### **24.NRI Clients (NRE and NRO Clients) :**

##### **NRE Clients :**

Process followed to upload MIS in OMNESYS using nest file uploader and various report along with its header.

##### **Cash Margin :**

NRE- PIS account balance as per data received from funds team & Bankers mail.

##### **NRO Clients :**

##### **Cash Margin :**

Cash balance as per ABML ledger.

##### **Collateral Value:**

Stock limit available in collateral via Margin Pledge only after respective haircut (This value can be used for trading in Equity & FnO).

- Only adjustable securities, Mutual Funds (10%) & Bonds (20%) are considered for collaterals.
- Haircut depending on the carry forward times of the security ( Var+Elm +Adhoc Margin+Adhoc Margin)

## 25. Allocation of client's funds and collaterals – Segment wise

The users must enter Additional base capital deposited with respective CC and segment.

- Exchange: Once user refresh the option all exchange created in exchange master will come on screen.
- Clearing Member: If Member is TM in particular exchange/segment then user needs to click on Clearing Member.
- Fixed Deposit Amount: User needs to enter Total FD amount deposited with segment and CC.
- Cash Deposit Amount: User needs to enter Total Cash amount deposited with segment and CC.
- Bank Guarantee Deposit Amount: User needs to enter Total BG amount deposited with segment and CC.
- Covered BG Deposit Amount: User must enter the covered BG amount deposited with segment and CC.
- Client Cash Amount: User need to enter Cash deposit amount which is part of Total cash deposit and given from clients account. For e.g. If member Total Cash deposit with NCL/ CM segment is 100, 00,000/- and out of that 25, 00,000/- is given from Own account then members need to enter 75, 00,000/- in Client Cash amount.
- Client FD Amount: User need to enter FD deposit amount which is part of Total FD deposit and given from clients account. For e.g. If member Total FD deposit with NCL/ CM segment is 100, 00,000/- and out of that 25, 00,000/- is given from Own account then members need to enter 75, 00,000/- in Client FD amount.
- Additional Client Allocation: In Segregation allocation if members want to allocate funds to clients from PRO Cash/FD/BG deposit then user needs to enter amount how much values to be allocate from PRO additional base capital. For e.g., Total additional base capital given in NCL/CM segment is 2,00, 00,000/- out of that 50, 00,000/- is given from OWN account. If members want to allocate 10, 00,000/- to clients from OWN account then user needs to enter 10, 00,000/- in Additional client allocation column.
- Client BG Amount: User needs to enter Client BG amount deposited with segment and CC which is part of Client collateral. Other uncovered BG amount will be treated as PRO BG amount.

We get client wise segment wise file in which CC is providing breakup of Re-pledge stock valuation. They also provide breakup of cash component and noncash components. For e.g., NCL provides CC01 file F\_CC01\_1234\_02052022.csv. CC's provides separate files for each segment. User needs to import this file on daily basis. Base on valuation available in file system will show the figures in stock available with CM/CC in collateral segregation export option. So, in segregation collateral export Total Stock collateral received from client will be calculate on the basis on Var or 20% whichever is lower. For stock collateral value retained with TM will be Total stock collateral received from client minus valuation available in exchange CC file.

In Same option LD is giving provision to import Provisional file which comes from CC. For e.g., NCL is giving N-Mass file which contains bifurcation of previous allocated funds and giving EOD margin and details of Re-pledge stock valuation. While import Provisional file user needs to click on Provisional file. Once user import provisional file system will only update those records which are there in file. In provisional file only those records are coming for whom open positions are there.

### 1. Exchange SPAN/Var Margin:

For allocation system will pick margin from rakshak. In Rakshak software LD develop one engine from which Live span/Var margin will automatically get import in LD software same will be used for allocation. From Provisional CC file system is capturing margin which is coming in file.

## 2. Common Segregation Allocation: (General Utilities → SEBI Inspection Reports → Segregation and Monitoring of collateral → Common Segregation Allocation.)

User must choose selection criteria to generate Common segregation allocation report.

### Selection Criteria:

- Transaction Date: User need to enter Transaction date for which data needs to be export.
- Market Date: User need to enter market date for calculate Collateral stock valuation.
- EPI Date: User need to enter EPI date for calculate valuation of Early pay in.
- Add Margin %: user need to give % which they want to give additional allocation to the client.
- Ignore Remisser: In case user want to ignore remisser account for segregation reporting then same need to be click.
- Include Margin Account: In case members are passing any receipt/Payment and JV entries in client margin account and user needs the same in Segregation reporting then same need to be click.
- Used Agreement No: In case members-maintained Segment wise ledger and stock collateral then same needs to be click.
- Allocation as per CC file: In case members wants to generate allocation file base on response available in CC01 file then same needs to be click.
- Full Re-pledge Benefit: In case user click this then system will 100 benefits of repledge valuation which is coming in CC01 file. In case members wants to go with 50:50 logic of exchange then this click should not be there.
- BOD Allocation: In case members wants to do allocation on BOD and if BOD allocation click is there then system will consider benefit of EPN of T-1 date transaction only.
- View Only Allocation: In case user click this then system will not display data on Client available fund/ Client Fund Requirement Details/Total Cash/BG details/Client Fund retained details/ Collateral export details tab
- Auto Prop Fund Allocation: System is giving benefit of Un-clear balance/ EPN benefit/CUSA benefit/Stock retained with TM/Fund retained with TM in allocation. So, if user click this then system will allocate benefit of above from PROP funds and allocate up to clients' margin requirement only. So, if this click is there then user no need to enter anything in additional client allocation column in exchange collateral details.

### Exchange Collateral Details:

Once user refresh the common segregation collateral option then on first tab user can be able to see all details which entered in exchange collateral option. User can verify all details which are entered.

### Client Segment Activation Details:

Once user refresh the common segregation collateral option then on second tab user can ably see Client segment activation details with the preference set for segregation reporting and allocation. Preference is hard corded in system. Preference will 1st Currency then Commodity then Derivative and then cash segment.

### Client Available Fund Details:

Once user refresh the common segregation collateral option then on 3rd tab system will show breakup of client financial balances. System will show clients entire ledger balance, clear ledger balance and peak clear credit.

**Client Fund Requirement Details:**

Once user refresh the common segregation collateral option then on 4th tab system will show how much is client fund requirement against the client EOD margin. In Client fund requirement system will calculate segment wise fund requirement based on EOD margin available. System will allocate clients funds requirement as preference shown in client segment activation details. In case client don't have any margin then system will show Client's fund requirement in last preference active as per clients' segment activation flag. System will calculate margin based on margin calculated in Rakshak or margin import from NMASS file or EOD margin which is imported in system.

**Total Cash and FDBG Details:**

Once user refresh the common segregation collateral option then on 5th tab system will show CC wise segment details of Clients for which system have allocated Cash/ FD and BG collateral to clients. System will allocate Cash/FB and BG amount as per fund requirement calculated in client fund requirement tab. Now no need to run separate option to transfer or withdrawn client cash and other collateral option. On the basis of data available in 1st 4 tab system will automatically calculate and show details of total client Cash and FDBG collateral.

**Client Fund Retained Details:**

Once user refresh the common segregation collateral option then on 5th tab system will show breakup of Ledger balance and stock collateral retained with TM. Logic of Client fund retained is same as there in Save Fund retained option. After deducting balance of total cash and FDBG details system will bifurcate clients' ledger balance as per margin requirement that to preference set shown in client segment activation details tab. In case client don't have any margin then same will show in last preference show in client segment activation details tab.

**Collateral Export Details:**

Once user refresh the common segregation collateral option then on 6th tab system will show details of collateral export. The system will calculate Approved Cash component collateral stock and Approved Non-Cash component collateral stock valuation from figures available in CC (CC01 File). Secondly MTF cash collateral stock now by default added in ledger balance calculation. Rest of the calculations are same. Secondly for OWN account system will generate one record. For Own also stock collateral value will be pick from CC file. For Ledger balance system will allocate Total Cash/ FDBG figure minus Client Cash/ FDBG figure.

**Final Segregation Allocation:**

Once user refresh the common segregation collateral option then on 7th tab system will show details Client's allocation value. In Final segregation allocation system will allocate funds as per below sequence.

1. System will allocate funds to clients for data available in total cash and BG details tab.
2. System will allocate funds to clients for whom margin requirement is there and Funds or pledge stocks is retained with TM. Same will be allocate from PROP funds.
3. System will allocate funds to clients for whom margin requirement is there and client is having un- cleared balance or having EPN credit after adjusting client ledgers. Same will be allocate from PROP funds.

4. System will allocate funds to clients for whom margin requirement is there and client is having CUSA stock with him and value coming in positive after adjusting client's ledger balance. Same will be allocate from PROP funds

#### **Final Allocation Dashboard:**

In Final allocation dashboard tab system will show the breakup of total previous allocation for the particular CC and segment with how much allocation is going upward and download for particular CC and segment. Report also contains values of total client allocation and prop allocation value and what net available with PROP.

#### **Segment Deactivated D-Allocation Details:**

In case for any clients if any previous allocation is done and member deactivate the segment for same clients for any reason then in such case system will generate D-allocation file for those customers.

Segregation and Monitoring of client's funds and collaterals – Segment wise.

FD and BG Funds Will be Updated by funds team and we will receive confirmation from Funds team on the same as below.

Option: General Utilities → SEBI Inspection Reports → Segregation and Monitoring of Collateral → Common Segregation Allocation.

Impact of this changes will come only in **Collateral Export Details** file which members are uploading on T+1 date. There is no change logic for first 51 columns for NON-MTF flag as suggested by CC. New 14 columns has been added in collateral export details tab. In case user wants to generate report as per new format then in new version we have given click as new format and user also need to enter last settlement date as every quarter members need to send details in one column as settlement amount( fund settle on 1<sup>st</sup> Friday on each quarter). Option : General Utilities → SEBI Inspection Reports → Segregation and Monitoring of Collateral → Common Segregation Allocation.

## **26. Guideline on Margin collection, reporting and penalty posting:**

This is reference to Exchange circular ref no. 69/2024 dated October 01, 2024, NSE/INSP/64315 wherein it is clarified and decided that members will pass penalty to the clients if short/non collection of upfront margins is on account of following reasons.

- I. Cheque issued by client to ABML is dishonoured
- II. Increase in margins on account of change in Hedge position by client/ expiry of some leg(s) of the hedge positions of the clients' portfolio.
- III. Mark-to-market (MTM) losses if any not paid by the client by the end of the settlement date.

Following are scenarios where penalty will be levied to clients on short/non collection of upfront margins due to unhedged positions.

#	Position Details	Exchange Margin Requirement	Margin Required if position is Unhedged
Scenario 1	NIFTY Future <b>Long 25 Qty</b> in OCT'24 NIFTY Future <b>Short 25 Qty</b> in NOV'24	16000	72000
Scenario 2	NIFTY 25000 CE <b>Long 25 Qty</b> in OCT'24 NIFTY 25000 CE <b>Short 25 Qty</b> in NOV'24	27500	79000
Scenario 3	NIFTY 25000 PE <b>Long 25 Qty</b> in OCT'24 NIFTY 25000 PE <b>Short 25 Qty</b> in NOV'24	22600	65500

=====END=====