

PRUDENT RISK MANAGEMENT SYSTEM:

The operations of the company are on small scale and the company has a very strict system of analyzing the clients and only if the client meets the various parameters, then only an account is opened. The risk management systems considering the current operations of the company are:

1. The clients are given application forms for being registered as a client only after they have met the director / sub-broker / employee through whom the client has approached us for opening an account.
 2. The director / sub-broker / employee of the company personally meets the clients and assesses the financial position, risk appetite, investment objectives, past credentials, qualification, etc. After the same is found to be proper by the director, the permission for registration of client is initiated.
 3. The completed form is then received and only after proper verification of the documents, checking the genuineness of the person and after carrying out the in-person verification of the client, the account is opened.
 4. Margin from client may be collected in the form of cash or security.
 5. The company follows a healthy practice of having the margin money in hands in advance before entering any trades for the client.
 6. The clients are personally known to the director / sub-broker and the overall exposure is determined for the person on the basis of the financial capability and on the money lying with the company as margin / balance.
 7. The risk with respect to the trades done by the client is regularly assessed by the dealer. The dealer regularly interacts with the client, checks the trading pattern and accesses the risk vis a vis every trade done by the client.
 8. In case of large value transactions, the clients are at times insisted on giving advance money / securities as may be required.
 9. The client shares / funds are tracked to have been received only from the designated DP / bank account only so as to nullify the risk due to receipt of shares / funds from other persons account. In case if any shares are given by any person on behalf on the client, then a letter signed by the beneficial owner and the client is taken specify that the shares are given on behalf of the client.
 10. The risk management team regularly assesses the trades being executed by the clients / sub-brokers client to check the trades in illiquid / risky stocks. The past operations are also tracked, to assess the risk level of the company in dealing with such clients. The trades in Z category stocks as specified by BSE are not allowed, unless a special permission has been taken & only after due consideration, the RMS head will allow temporarily a specific exposure limit for dealing in Z group stocks.
- A proper monitoring mechanism is in place to review long outstanding debit balances in clients' account and recovery of the same.