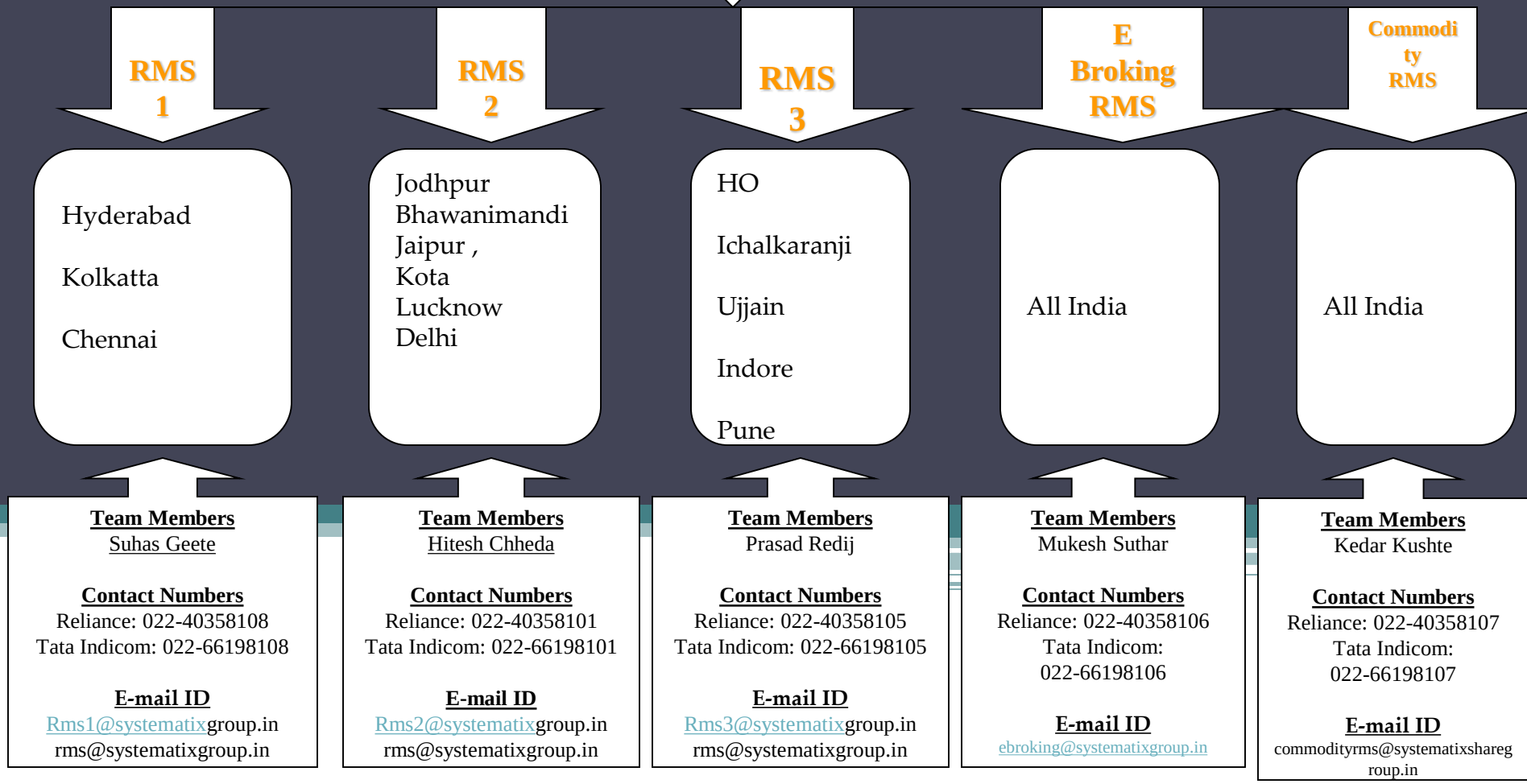
Risk Management System

SYSTEMATIX GROUP

Investments Re-defined

RMS Structure



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Limit Setting

Exchange	NSE + BSE Cash	NSE F&O	MCX+ NCDEX	CDS
Default limit Multiplier	As per (VAR + ELM) haircut	1 time	1 Time	1 Time
Funds to be consider	NSE CM Ledger + BSE CM Ledger – Short sell Amount+ value of stock after VAR + ELM haircut.	NSE FO Ledger + Cash collateral + Non cash collateral after Haircut	MCX Ledger + NCDEX Ledger + Cash collateral + Non cash collateral after Haircut	NSE CDS Ledger + Cash collateral + Non cash collateral after Haircut
Square off at Mto M Loss	80%	70%	70%	70%
*The about limits can be increased on specific request of BM/RD ** Incase of Special Limits, Special product proposal should be approved by MD & CEO				
Maximum limits	**10 Times**	3 time for Intraday only	2 Time	1.5 times for Intraday only
Limits based on	**Exposure**	Margin (Span + Exposure)	Margin (Span + Exposure)	Margin (Span + Exposure)

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Cash Limit – Fix Rules

- **Debit > 5 Days of amount > 1 will be blocked.**

  - Client having Ledger debit more than 5 days and ageing amount is more than Re. 1, RMS will block fresh buy limits for that particular client.

- **Debit > 3 Days of Amount > 2,00,000 will be blocked.**

  • Client having Ledger debit more than 3 days and ageing amount is more than Rs. 2,00,000, RMS will block fresh buy limits for that particular client.

- **In case Buy limit > 50 lacs due to consideration of holding, it will reduced to 50 lacs or Clear Ledger in Cash segment whichever is higher.**

- **In case sell limit > 50 lacs due to consideration of holding, it will reduce to higher of 50 lacs or clear ledger in cash market or total holding (Pool + only BSE 200 scrip (in case of DP holding))**

- Any **single order with value exceeding *Rs. 10 crore per order*** shall not be accepted by the stock exchange for execution in the normal market. (In accordance to the CIR/MRD/DP/34/2012 dated December 13 2012

- The next slide provides the details of Single order Quantity and Value restriction besides above as per SEBI Circular of Order level Check.

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Single order limit setting

Level of Blocking – RETAIL	Single Order Qty	Single Order Value
ODIN (Cash Segment)	20K	20 Lacs
IML / CTCL (Cash Segment)	2 Lacs	5 Cr
IML / CTCL (F&O Segment)	2 Lacs	10 Cr

Level of Blocking - PCG	Single Order Qty	Single Order Value
ODIN (Cash Segment)	2 lacs	2 Cr
IML / CTCL (Cash Segment)	5 Lacs	10 Cr
IML / CTCL (F&O Segment)	5 Lacs	10 Cr

Level of Blocking - Institution	Single Order Qty	Single Order Value
Omnesys (Cash Segment)	15 lacs	10 Cr
IML / CTCL (Cash Segment)	15 Lacs	10 Cr
IML / CTCL (F&O Segment)	15 Lacs	10 Cr

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Cash Limit – Flexible Rules

- Branches Have to Fix Buy and Sell multiplier for each channel partner with consideration of deposit with in the maximum limit prescribed.
- Branches can fix minimum Buy or Sell limit for particular Sub broker or Branch without having a funds but in no case it should be more than Rs 1 lacs.
- Branches have to Fix amount of Risk, above which Buying and selling both limits will be blocked but in any it should not be more than Rs 1k.
- Consider Unclear Cheque for limit purpose in case of Channel partner.
- leverages in all above Flexible Rules should be pre approved by RD.
- Default limits will be allowed only in cash segment with approval of RD /MD & CEO.
- No Default Limits will be available in F&O, currency , Commodity and CDS segment.

Restriction in ODIN Terminal

Scrip Category	Restriction at level	Single Order Qty	Single Order Value	Buy limit (Value)	Sell limit (Value)	Net qty	Turnover Value
T group	ODIN dealer ID	25000	500000	NA	NA	25000	500000
Z / ZP /M / MT group	ODIN dealer ID	0	0	0	0	0	0
Physical Scrip (Having Market lot > 1)	Member	0	0	0	0	0	0
GSM scrip 0 and I stage,	Member	2500	25000	500000	500000	5000	500000
GSM stage 2 and above	Member	0	0	0	0	0	0
illiquid scrip (as per Exchange)	Member	2500	250000	Equivalent to 7000 Qty or Maximum Rs. 5 Lacs	Equivalent to 7000 Qty or Maximum Rs. 10Lacs	NA	NA

Risk Reduction Mode

- In pursuance to the SEBI circular, NSE has vide its circular NCL/CMPT/40859 and NCL/CMPT/40855 dated April 27 2019 has mandatorily placed for all the members to a risk reduction mode as and when 85% of the member's capital is utilized towards margins.
- In pursuance to this directive as and when if we reach to the risk reduction mode -
  - All our unexecuted orders shall be cancelled
  - The fresh orders placed to reduce our open positions shall be accepted.
  - The fresh orders placed by us that increase the open positions shall be checked by NSE, for sufficiency of margins and if these orders that do not satisfy sufficiency of margins will be rejected.
  - The fresh orders that can be placed by us would be the immediate or cancel (IOC) only.
  - We would be able to trade in normal mode as and when the utilisation goes below 80%.

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Cash Segment Square off Report

Ageing T+5

Branches / Regional office will have to update the status of collection of the client in Remarks column. Branches are allow to fill remarks only for that day.

Tomorrow Square off T+6 :

Branches / Regional office will have to update the actual collection status of the client in these report in Remarks column. Branches are allow to fill remarks only for that day to avoid square off.

Today Square T+7 :

Branches / Regional office does not have any right to fill any remarks on the day. According to this, square off report will be generated and position of clients will be square off by RMS without intimation @ 1 PM.

Square off of position can be hold if branch intimate about the fund transfer given by client before the square off time in exceptional circumstances.

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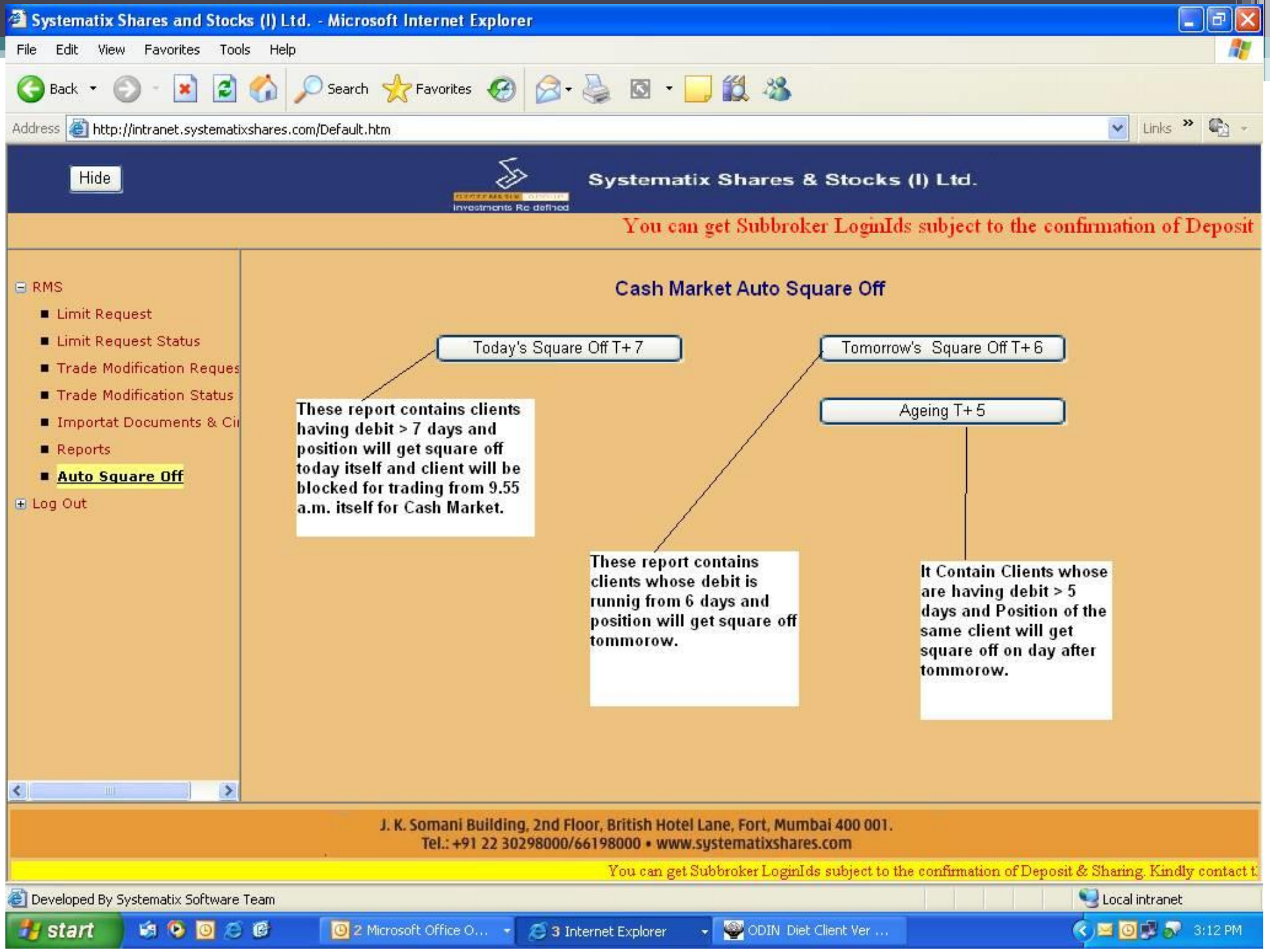
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Cash Market Auto Square Off
Today's Square Off T+7
These report contains clients having debit > 7 days and position will get square off today itself and client will be blocked for trading from 9.55 a.m. itself for Cash Market.
Tomorrow's Square Off T+6
These report contains clients whose debit is runnig from 6 days and position will get square off tommorow.
Ageing T+5
It Contain Clients whose are having debit > 5 days and Position of the same client will get square off on day after tommorow.
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You can get Subbroker LoginIds subject to the confirmation of Deposit & Sharing. Kindly contact t
Developed By Systematix Software Team
Local intranet
start
2 Microsoft Office O...
3 Internet Explorer
ODIN Diet Client Ver ...
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ODIN DIET Limit Setting

Sr. No	Particulars	Limit for Systematix Shares (SSSIL)/Sys Commodity (SCSPL)
1	Limits for Cash Market	6 Times intraday, and 1 Times for Delivery of fund available* in SSSIL *(Ledger balance (BSE+NSE+ + NSE FO + BSE FO) +50% of approved stocks in pool +DP with POA+ Collateral)
2	Limits in BSE FO + NSE FO (in term of SPAN + Exposure Margin)	1 Times for intraday and carried Forward of fund available* in SSSIL *(Ledger balance (BSE+NSE+ + NSE FO + BSE FO) +50% of approved stocks in pool +DP with POA+ Collateral)
3	Limits in commodity (in term of SPAN + Exposure Margin)	2 Times of Funds available in SCSPL (MCX + NCDEX)
4	Auto Square off for BSE Cash & NSE Cash (only for intraday Position)	At 3.10 p.m.
5	MtoM Based (manual Sq off by RMS)	80% of Funds
6	Limits in T, Ts and Z Group stock in BSE	Block
7	Single order Qty limit in Cash market	5000 Qty
8	Single order Value limit in Cash market	10 lacs Value
9	Turnover limit in Cash market	3 Crore Value
Note		
	In case Ledger balance in one Company is credit and in other Company is debit without holding (Risk) than above limit will be given only after reducing the debit balance of other company.	

RMS E-Broking (Fast Trade)

- Only few selected scrips are permitted to trade – Selection of scrips is based on following criteria.

Stock Category	**Multiplier**	Category	Market Cap.	Value Traded
			In crores	In crore
Nifty 50 Stocks	7 times			
Group A stock	5 times	Alpha		
B + S Group (Market cap > 500 crore)	5 times	Alpha	>500	> 1
B + S Group (Market cap 250 to 500 crore)	3 times	Beta	>250	0.50 to 1
B + S Group (Market cap 100 to 250 crore)	1 times	Gama	> 100	0.10<0.50
B + S Group (Market cap < 100 crore)	Blocked			
T, TS, Z Group	Blocked			
Illiquid Scrips as per Exchange	Blocked			

- RMS will Square off all Intraday Position at 3.10

Surveillance Policy

I) For Position confirmation and Ledger send (F&O, CDS & Commodity Segment)

	One Day Mtm Loss				Regular Loss for 3 days	Turnover	
Mtom Loss Amount	25k to 50k	50k to 1 lac	1 lac to 5 Lacs	Above Rs. 5 lacs	50k to 1 lac	Delivery Turnover of Rs. 2 lacs and above (Client list Provided by Compliance Team)	Trading Turnover of Rs. 10 lacs and above in cash segment, 5o lacs and above in equity derivative segment and 1 cr and above in commodity turnover
Direct Franchise Client	Telephonic Confirmation		1) Telephonic Confirmation 2) Write a letter along with Ledger and Contract note via Courier and Email.		1) Telephonic Confirmation 2) Write a letter along with Ledger and Contract note via Courier and Email.	Telephonic Confirmation	System Generated email
Other Retail Client	-	Telephonic Confirmation	1) Telephonic Confirmation 2) Write a letter along with Ledger and Contract note via Courier and Email.		1) Telephonic Confirmation 2) Write a letter along with Ledger and Contract note via Courier and Email.	Telephonic Confirmation	System Generated email
PCG Client	-		Write a letter along with Ledger and Contract note via Courier and Email.	1) Write a letter along with Ledger and Contract note via Courier and Email 2) RMS to listen Recording confirmation given by PCG Dealer	-	-	-

Surveillance Policy (Continue…)

II) Risk Intimation to Managing Director & CEO

In case of loss (Pure Risk) greater than Rs 50,000 will be inform to Managing Director & CEO either on same day or cumulative basis.

III) Below positions to be watched closely by RMS.

- ✓Top 10 scrips for Brought and sold in SSSIL
- ✓Top 10 clients positions
- ✓Identify position of clients at SSSIL on the basis of Top 10 gainer/loser scrips according to market.
- ✓Spurt in Volume will be tracked by RMS

IV) Letter of Out standing to Client (by E-Mail)

In case of Risk is from more than 7 days, a letter for recovery sent to client via E-mail.

If amount is not recover within 15 days and doubtful then intimate to compliance and legal dept. for taking legal action.

V) Abnormal Volume/out of proportion volume-

In case of client is continuously trading in illiquid scrip and his volume is disproportion to market volume, intimation will be given to respective branch and block the scrips if required or take approval from Managing Director & CEO.

VII) **Surveillance Team** will send the list of client/franchisees/AP to RMS for giving Ledger confirmation or Trade confirmation based on the following criteria on

Regular basis:

1. In case of Trading pattern looks **suspicious**
2. Sudden spurt in Client's traded volume/turnover.
3. Sudden spurt in the brokerage of the franchisee/AP in all exchange
4. M2M and Turnover crossing the parameters as defined in the previous slide
5. Accounts reactivated for trading within 1 and 3 month from the last trade

Monthly basis

1. Top Trader of a particular Branch or Region in all INDIA.
2. Sudden increase in **volume** of a particular client.
3. Client who gives exception **brokerage** in all exchange.

VIII) In case Client not ready to take confirmation RMS will Send contract note and ledger to client.

Sample Reports

Risk Report

Branch	SubBroker	Client Code	Client Name	Total OutStanding	FA Actual	Non Cash Coll	Holding	% Coverage	Risk Amount 26 Nov
ADYAR	12 ADYAR	N5111	KAMMALAKANAN NAND	-0.07	-0.07	0	0.05	76.74	-0.02
ADYAR	12 ADYAR	S5133	SRIKKANTH	-0.01	-0.01	0	0	0	-0.01
	12 ADYAR Total								**-0.03**
ADYAR	SVN	Y5201	PARGUNARAJ YAVANA	-0.09	-0.09	0	0.05	61	-0.03
ADYAR	SVN	A5204	ARAVINDAN	-0.02	-0.02	0	0	0	-0.02
	SVN Total								**-0.05**
ADYAR Total									**-0.08**

Fout Report (Out Standing Report)

Total	FA Actual	NET	Phone	Cash	NonCash	IMMargin	Exp Margin	Final Total	
-79574.95	-79574.95	0		0	1519281.25	-885799	-633482.25	-79574.95	
-212451.45	-212451.45	0		0	3204191.48	-3434240.69	-1222909.25	-1665409.91	
-292026.4	**-292026.4**	**0**	**0**	**0**	**4723472.73**	**-4320039.69**	**-1856391.5**	**-1744984.86**	

Reports and Follow up Procedure

- *Daily Follow up Reports:-*

Back office Reports

- Out Standing Report
- 5 Days Ageing Report (T+5 Auto Square off)
- Risk Report
- F&O / Commodity Margin Shortfall

- ***Online Risk Management***
  - Giving intimation to branches when MTM losses in F&O /Commodity segment reaches to above 70% of funds available of client.
  - Follow up with branches to square off the position or collection of funds.
  - Squaring off the position from HO in case no fund collection received from clients and MTM reaches above 85 % to 90% of available funds.
  - Tracking of on line surveillances for trade occur in illiquid scrips.
  - Squaring off the cash market position on T+7 from the day of trading in case client not make payment.

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Liquidation Policy:

- As per directive of SEBI circular CIR/HO/MIRSD/DOP/CIR/P/2019/75 dated June 20, 2019 related to Handling of Clients' Securities and subsequent clarifications provided by exchanges. In case client does not pay for securities which are received in pay-out, then such securities shall be transferred in separate demat account "client unpaid securities account" (CUSA).
- If client fails to meet its funds pay-in obligation within T+6, then we shall liquidate securities on T+7 from 11.30 a.m. onwards solely at our discretion with no prior intimation.
- In case of margins available with us is less than 75% any time since your purchase date till T+ 6, we shall immediately liquidate your position solely at our discretion with no prior intimation

The client shall be put on square off mode on T+7 and no further exposure/limits shall be given on T+7 day.

- In case of payment via electronic transfer, fund received shall be adjusted against outstanding on "First in First out" (FIFO) basis.
- In case of cheque payment, cleared credit should be received to our bank accounts on or before T+6, else cheque payment shall not be considered for securities due for square off on T+7.
- In case securities sold from CUSA, we shall adjust settlement wise and securities other than CUSA, shall be adjusted on FIFO basis and liquidation shall be made in following order of the securities:

1. Nifty 50
2. Group A (As per the classification of BSE Limited) and would be applicable for other exchanges
3. Group B (As per the classification of BSE Limited) and would be applicable for other exchanges
4. Other securities

- Further, in spite of liquidating the stock lying in CUSA account, if there is still debit in client ledger then we shall liquidate the securities lying with us in collateral account/ client collateral account.

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THANK YOU

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