

POLICY ON LIMIT SETTING

Objective

To pre - define limits for each Admin, terminal, client and monitor the same on a continuous basis, to have control on the transactions, to avoid punching errors and excessive limits.

Background

Trading Terminals are allotted to Members by exchanges. These terminals enable members to place, modify and execute orders on behalf of clients. There may be instances where due to punching error unusual orders may be placed at high prices which might lead to execution of unrealistic orders or orders being executed at unrealistic prices. In cases where the order/price of such orders are high, it might end up with huge losses and break down in the system. In order to avoid such a situation it is imperative that certain limits are prescribed for each terminal allotted to member broker.

To comply with the Exchange circular reference no. NSE/CMTR/20616 dated April 24, 2012, Circular Ref. No.:79/2012, Dated October 23, 2012 and Circular 100/2013 Dt.July18, 2013, regarding placement of orders.

Policy

This policy covers the procedure and checks in place for allotting limits to each direct and CTCL/IML terminals.

All the orders are placed through NOW CTCL Terminals and ODIN as an alternative trading platform. Main (NEAT) terminal is placed at Head Office and is used only as a contingent. Limits of terminals will be defined and reassigned on daily basis only after analyzing past trading history and assessment of risk.

The effective Risk to the company is controlled at various levels by using the following parameters:

- Quantity Limit for each order
- Value Limit for each order
- User Value Limit for each User ID
- User quantity Limit for each User ID
- Branch Value Limit for each Branch ID
- Branch Quantity Limit for each Branch ID
- Security wise limit for each User ID
- Max Qty & Max Value Limit for single order for Dealer ID
- Pending order Limit
- Client Value Limit
- Client Quantity limit

- And any other such parameters as may be required from time to time.

The above limits are set up under the guidance of the Compliance Officer, based on our Capital adequacy requirements and risks of the corresponding Clients, User ID, Branch ID and Volatility of the Security and based on market conditions.

As a policy, the Company always allow a set limit and does not allow any unlimited limits to the Clients Or User IDs. Daily record of limits set and re-set is preserved.

The Limits utilization are continuously monitored by a dedicated team of RMS during the day on regular basis, Any request of upward revision in limits by dealer is done based on the requirement and evaluation of necessary risk assessment on daily basis, in consultation with the Compliance Officer.

To set the Limits to the Clients for trading Exposure, the financials, Collaterals and open positions are updated into the CTCL systems through file formats on daily basis along with the set limits to the clients as per the company policy, which may vary based on the market conditions and client to client. Such Limits are reviewed regularly.

The Compliance Officer will be reporting the same to the Management and the Exchanges on Regular Basis (Quarterly Basis to the Exchange)

The Risk Management team at Corporate Office shall be responsible for maintenance of records as prescribed by regulators and demonstrating the adequacy of system to auditors and exchanges. The process of setting of limits shall be reviewed on a quarterly basis by the internal auditor and a certificate to the said effect shall be issued by them. The Compliance Officer may review the process on test check basis and based on the report and confirmation of auditors, the Compliance officer shall issue a certificate to the exchange on quarterly basis.

Review Policy

This policy may be reviewed as and when there are any changes introduced by any statutory authority or as and when it is found necessary to change the policy due to business needs.

The policy may be reviewed by the **Director/Compliance Officer** and place the changes in policy before the Board at the meeting.

Approval Authority

This Policy was placed before the board in the Board of Directors meeting held on **24/04/2019** at our Registered office and was approved.