SMC GLOBAL SECURITIES LIMITED

RMS POLICY

1. ***Definitions:*** In this Policy, unless the context requires otherwise,

1.1 RMS: *RMS means Risk Management system. Risk management is to manage risk of company and clients from volatility of capital market/Currency/Commodity Market.*

1.2 Adjusted Ledger Balance: *Adjusted Ledger balance means clear balance in client's ledger account in company's books. For example, proceeds of shares sold but not delivered will be reversed if credited in the ledger and debited Var Margin will be ignored.*

1.3 Securities in On-Behalf: *Securities in on-behalf means the securities of the client lying in the Company's pool account. Securities given by the client in margin and securities held by the Company till full payment is received are kept in On-behalf.*

1.4 Securities in Margin: *Securities in margin means those securities which are approved for this purpose by the Exchange given by the Client to the Company to meet his margin obligations in F&O segment. These are transferred by clients to the Company and may further be pledged by the Company to the Exchange towards the Company's margin obligations for the client.*

1.5 Exposure of client: *Exposure of Client means a client's obligation arising out of (i) Buy and Sale entered into on behalf of the client in cash segment which are yet to be settled and (ii) open position in F O segment.*

1.6 Total Deposit: *Total Deposit means aggregate of ledger balance, value of securities after hair cut in on behalf, value of Securities after hair cut in margin and cash margin, if any, received from the client.*

1.7 SMC Var: *SMC Var menas the percentage of hair cut/margin fixed by SMC from time to time for different securities. It is fixed on various considerations like average volume traded, Volatility, Exchange Var, Impact cost etc. of a particular scrip.*

1.8 Concentration: *Concentration means the number of each scrip arrived at application of the percentage fixed by the Company from time to time on the basis of average daily volume of trade on the exchange in that scrip during the last 30 Days.*

2. ***Transaction offered to clients:***

2.1 Intraday trades: *Intraday transactions are, sale – Purchase in any scrip which are reversed by contra transaction of Purchase- Sale in the same scrip and in the same quantity, so that net quantity carried is NIL on a particular trading day.*

2.2 Delivery Trades: *This is net Purchase or Sale of a particular scrip in client's account which is settled by Delivery on T+2 Days.*
In case of sale transactions client has to give securities to company in demat form before pay- in, else he will bear auction debit.

2.3 Sell Against unsettled Buying: *This is sale against unsettled buying in particular scrip. Under this kind of transaction a client can buy particular scrip in particular quantity on day one and can sell the same scrip in same quantity on the immediately next trading day.*

Note ; *In this case SMC will not be responsible for any short pay out of security received from Exchange resulting in short delivery in client's account.*

3. ***Risk Management:*** *We are having margin based Risk management system, In which total deposit of client is uploaded in system. Now client can take exposure in any scrip(s) and his deposit will be utilized (based on SMC Var margin) on the particular scrip(s).*

In this margin based risk management system, client has to make payment before the time fixed by the Exchange for Pay-In. Otherwise he will be liable for consequences of square off.

Example:
A client with following position intends to trade

Particulars	***Amount Rs.***
Ledger balance Credit	*50000*
Margin Shares before hair cut	*100000*
Margin Shares after hair cut (SMC Var Margin20%)	*80000*
Total deposit (50000+80000)	*130000*

*Suppose the client wants to buy XYZ Ltd. on which SMC Var margin is 20%, then he can take position of upto Rs. 650000 as Margin on this position is Rs. 130000 (650000*20%). However, he has to make payment of the remaining amount i.e. Rs.650000-50000 =600000 before T+2 Days.*

Suppose the client decides to buy ABC Ltd. on which SMC Var margin is 25%, he can buy upto Rs. 5,20,000.

In case a Client wants to sell any securities already lying with us in On-Behalf or Margin, he can do so without paying any margin thereon. This can be done by selecting "Delivery" option in order entry window on the trading platform.