

## **RISK POLICY**

Bajaj Financial Securities Limited (erstwhile Bajaj Financial Securities Limited, hereinafter referred to as BFSL) is a member of the National Stock Exchange, Bombay Stock Exchange in the Equity, Equity Derivatives segment, having its registered office at Bajaj Auto Limited Complex , Mumbai –Pune Road Akurdi Pune 411035.

For the purpose of these Policies & Procedures, wherever the context so mentions "Client", "You" or "Your", it shall mean any natural or legal person who has agreed to open an account or initiate the process of opening an account with BFSL by providing their information while registering on the platform as a user. BFSL allows any person to surf the website without registering on the website. The term "We", "Us" , "Our" and "Team BFSL" shall mean Bajaj Financial Securities Limited.

### **FUNDS**

System of Pay in and Pay out of funds:

**Pay in:** Clients can transfer funds into the Trading Account only from such bank accounts which are registered with BFSL. Any transfer from a non-registered bank account will not be considered and the client does not get any trading limit credit for such transfers.

If a client chooses to transfer using NEFT or by means of cheque, there will be no cost.

If the client transfers funds via cheque, the details of the transfer along with a copy of the cheque should be made available to BFSL for the credit to be updated on the trading account.

**Pay out:** All pay-outs will have to be compulsorily placed on the Backoffice access provided to the clients. All pay-out requests will be processed electronically, and the credit shall come to the client's primary bank account within 24 hours of having processed the pay-out request.

Withdrawal requests for EQ/Derivative will be processed by 4:30 PM working days.

If you place a withdrawal request after 3:30 PM, it will be processed on the next working day and you will receive the funds in 48 hours.

Pay-out windows are closed on Saturday and Sunday - this means if you place a request on Saturday or Sunday or after 5:00 PM on Friday, it will be honoured only on Monday.

### **Margins:**

**Client Funding:** Clients are required to have enough balance in their accounts to hold/carry forward positions.

**NSE/BSE Equity:** The client needs to have enough money in his trading account to take delivery of shares failing which BFSL may liquidate the position as required.

**NSE/BSE Futures and Options:** Clients are required to have sufficient balance in their accounts to hold/carry forward positions. Leverage provided here is subject to market conditions and changes in its proportion are dynamic Client of BFSL when opens the account will either give the initial margin in the form of Cash, Cash Equivalent or Securities and basis the same limit to trade is provided and is known as Margin.

## Margin can be in the form of any of the followings:

### CASH:

For all exchanges and segments cash placed with BFSL shall be valued at 100%. However, only clear funds shall be considered for margin and no margin shall be provided against unclear balance.

### SECURITIES:

Equity shares, Bonds & Mutual Funds (Free Balance) only in Dematerialized form will be accepted as margin and valued at CMP. Since Valuations fluctuate an appropriate haircut will be followed. Haircut is defined by the exchange which is  $VaR^1 + ELM^2$ . Var & ELM File are daily uploaded by exchange. BFSL will apply Haircut which can be higher than Exchange applied Haircut. BFSL reserves the right to disapprove any securities from acceptance of margin as per internal risk assessment.

### COLLATERAL MARGIN:

- Margins will be provided after the applicable haircut. e.g. haircut of 10% would mean that if you pledged stocks worth Rs 1 lakh, Rs 90,000 (90% of 1 lakh) will be added as collateral margin to your trading account.
- You will be able to use this entire margin after haircut for taking intraday or overnight positions in Futures, and for writing Options of equities, indices, You will not be able to use this margin to buy Options.
- Liquid bees are considered as cash equivalents by the exchange, so the above 50% rule wouldn't apply. So margin received from pledging liquid bees will be as good as having cash in your trading account.
- All delayed payment (interest) charges accumulated will be debited once every month on the ledger.

**IMPORTANT:** The settlement cycle in India is T+1 day in case of F&O and T+2 day for Equity delivery. What this means is that credit from sale of option contracts & any profits from F&O positions gets credited only the next day, and any sale credits from equity delivery trades happen on T+2 day. This credit is available for you to trade intraday, but there might be a short margin penalty applicable if you carry forward positions using this unrealized credit.

When you send Market Orders in Options for multiple lots, For example, if you see the price of a Nifty option at Rs. 100 and you have Rs. 75000 in your account and you send a market order, During execution if the price of the option goes higher, your order still gets completed due to high market volatility or for any such reason, You may end up with a debit balance. This debit balance has to be cleared by you by end of day.

For all intraday positions (MIS, CO, BO), even though we run square offs automatically, the onus is on you the client to ensure all MIS, CO,BO positions are squared before market closing.

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<sup>1</sup> **VAR Margin** - The VaR Margin is a margin intended to cover the largest loss that can be encountered on 99% of the days (99% Value at Risk). For liquid stocks, the margin covers one-day losses while for illiquid stocks, it covers three-day losses so as to allow the Exchange to liquidate the position over three days.

<sup>2</sup> **ELM** - The term Extreme Loss Margin replaces the terms "exposure limits" and "second line of defence" that have been used hitherto. It covers the expected loss in situations that go beyond those envisaged in the 99% value at risk estimates used in the VaR margin

- Option premium received from writing options will not be considered as Cash/Capital.
- Positions which do not have sufficient funds can be cut any time at the discretion of our RMS desk. There will be no margin calls or intimation from our RMS desk in the event of high volatility hence it is always advised to keep sufficient margin.
- Any open positions can be squared off at the discretion of our RMS desk If the funds available in your account are short of exchange specified margins. There will be no margin call before the position is squared off, during times of extreme volatility, the loss could be more than the funds available in your account before the position is squared off. All resulting charges or debts that might occur from such square offs will have to be borne by the client.
- All BO, CO and MIS positions will automatically be squared off at the end of each trading day.
- Fines levied by the exchange for short margin will be payable by the client.
- Clients will have to ensure all Co, MIS, and intraday products are closed by the EOD.
- BO and CO is not allowed in preopen for Equities.
- Payments will only be accepted from the client's registered bank account, cash and DD pay ins are not accepted.
- Instruments available for trading at BFSL are subject to the discretion of the risk management team, and these may change from time to time for various reasons.
- Physical Settlement in Equity Derivative Contract's.

#### CASH MARGIN REQUIREMENT-

As per SEBI Circular - CIR/HO/MIRSD/DOP/CIR/P/2019/137 , November 19, 2019. Margin Collection and Reporting of the same is made compulsory in Cash Segment. Hence client's are required to ensure to keep sufficient margin before initiating any trade in cash segment.

1. Client has to ensure to keep VaR margins and Extreme loss Margin (ELM) upfront in account before placing any trade in cash segment.
2. Other margins are to be paid as soon as margin calls are made within T+2.
3. MTM loss to be collected in T+1 and no setting off with MTM profit of T+1 day is allowed.
4. Any excess margin/collateral available in MTF ledgers cannot be considered towards Margins of non-MTF transactions.
5. Liquid securities, in dematerialized form, actively traded on the National Exchanges, which are specifically not declared as illiquid securities by any Exchanges received from the respective client, may be considered while reporting margins to the Exchange.
6. Dematerialized units of liquid mutual funds whose NAVs are available, and which could be liquidated readily may be considered while reporting margins collected from clients.
7. Such units of mutual Fund should be available with the member or should be lien marked in favor of the member.
8. In case of G-Sec/T-Bills available in electronic form or lien marked in favor of member may be considered while reporting margin.
9. Cheques received/recorded in the books of members on or before T day and deposited by T+1 day (excluding bank holiday) can be considered in case of collection/reporting of upfront margin, provided the same are cleared with T+2 working days.

10. BFSL Risk will reserve the right to liquidate any such position where initial margin or any such other margin as required by exchange is not available. Hence all obligation arising out of such liquidation is to be borne by the client.

Hence hereby it is requested to keep sufficient margin in cash segment also before placing any trade, in absence of required margin penalty as levied by the regulator will be charged to the client.

BFSL Risk reserve the right to liquidate securities available or open position or unsettled position as required to meet the margin obligation in accordance with the guidelines of the regulator. Any auction and penalty in accordance with the same is to be born by the client in this respect.

**Client has to ensure that at overall level required margin are made available on every day by considering his positions in derivative and cash segment on an combine basis.**

## PRODCUT UPDATE- CASH

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### DELIVERY PRODUCT

*Features & Definitions:* This product is available for equity segments for all set of clients. Under this product buy trades are allowed against margins available and sell trades are allowed only against available holdings uploaded on trading system.

*Parameters:*

- 100% Margin money is required for trading in Delivery Product.
- Selling allowed only against holdings available on trading systems
- Credit equivalent to haircut released on sell of holdings
- Trade for trade segment securities purchased today cannot be sold during the same day
- Positions conversion to be allowed
- In case ageing debit persist more than T +2 + 5 then, further trading will be not permitted (Only square off will be allowed)

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### INTRADAY PRODUCT-

*Features & Definitions:* This is an intraday product where all the trades taken under this product remain intraday only unless is converted to Delivery Product before timer-based square off triggers. Orders are allowed against available margin applying appropriate haircut.

Since all the positions are allowed only for Intraday, leverages are higher compared to Delivery Product. Position conversion to Delivery Product will be allowed by system only if there is enough margin available, if margin is not available then system will not allow and will do timer based square off.

*Parameters:*

- Assigned basket concept is followed where only scripts in basket are allowed to trade at various margin % buckets of 15%, 20%, 30% and 40% or VAR+ELM whichever is maximum.
- Internal approved securities are allowed.
- All pending orders are cancelled first and open positions are square off at 3:15 PM
- Newly listed securities are not allowed under this product
- No trade to trade securities are allowed

- BFSL is not responsible for Non liquidation of illiquid securities or securities which have hit the circuit breaker limit at the time of auto intraday square off.

If any intraday position or an MIS trade is not squared off on the same day due to any link or system failure or any risks associated with internet/wireless based trading which may occur at the end of the Client, BFSL or the respective Exchange, it shall be treated as a Cash and Carry ("CNC") or NRML position and carried forward to the next trading day. In case of such a situation arising, the onus of squaring off the position will be on the Client. Our RMS desk shall square off any such position, without the requirement of a margin call, if the necessary cash is not available in the Client's account either on the same day or next trading day.

\***Note:** Intraday square off timings can change based on the discretion of our risk management department.

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## CATALYST PRODUCT (COVER ORDER)

*Features & Definitions:* This is an Intraday product with mandatory stop loss (SL) order / Bracket Order. Under this product, client needs to place two orders simultaneously, the first is to take position and the other to square off the position which will be a stop loss order OR Bracket order which will include Target and Stop Loss both.

In case the stop loss is triggered before the timer based square off then order is triggered by the system and the outstanding positions are squared off. For all other open positions, it would be liquidated on the same trading day at 3:15 PM.

*Securities Allowed:* Cover order is allowed only for selected securities. List of such securities are reviewed on monthly basis.

*Parameters:*

- Allowed only for selected FNO stocks.
- Minimum margin of 5%.
- Timer based square off at 3:15 PM for all open positions
- Positions conversion is not allowed.

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## TNC (TRADE AND CARRY) PRODUCT

*Features & Definitions:* TNC as the name suggest is product where you can place trade and carry the same position here difference is that when order is placed in delivery product 100% margin are charged but in TNC margin will be lower than 100% hence it is a leveraged product. It given an opportunity to carry position in excess of available margin and pay the remaining money within T+2+5. To avoid liquidation of position.

*Securities Allowed:* TNC is allowed only for selected securities. List of such securities are reviewed on monthly basis, margin is charged on the basis of internal assessment and is at the sole discretion of BFSL.

## MARGIN TRADING FACILITY (MTF)

- MTF product is activated only after customer request is received for the same.
- MTF is available only in Equity Segment (Cash) , Funding will not be provided over and above Sanction Limit, by default sanction limit is 5 lac.
- Funding is provided only in Exchange and BFSL Approved Stock available in Group 1 Securities.
- Margin applied are charged for stock which are part of F&O is (VAR+ELM\*3) for stocks which are not part of F&O margin applied is (VAR+ELM\*5).
- Margin can be increased over and above mention earlier at sole discretion of BFSL Risk Team without any prior intimation.
- On receipt of 'margin call', the client shall make good such deficiency in the amount of margin placed with the Stock Broker within such time as specified.
- Such margin as required if not made good by the client than it will lead to liquidation of the securities as per mention date but not exceeding 5 working day's.
- Any stock can be discontinued from MTF Facility without prior intimation at sole discretion of BFSL Risk. Hence any debit obligation which arise out of this shall be paid immediately to avoid any liquidation of stocks by Risk to cover such obligation.
- Initial Margin can be deposited in the form of fund and Approved stock after haircut.
- Client should have needed Initial Margin upfront or before the stock purchase.
- Interest will be charged on funding as availed and the same is to be obliged by the client.
- No need to square off your margin trading debit balance in T+7.
- In absence of any transaction for a period of 90 day's , such account's will be settled immediately.

## PRODUCT UPDATE -DERIVATIVE

### DELIVERY PRODUCT

*Features & Definitions:* This is a default product segment for derivatives segment. Clients can place orders in derivatives based on cash and collateral margin available. T-day **Span + Exposure** margin shall be consumed for Future buy and sell trade. The same is also applicable for options sell order. Margin consumptions shall be equivalent to premium in case of options buy orders.

Margin shall be blocked considering worst case scenario that is system shall consider margin charged on all open positions including pending orders, MTM losses shall be deducted on real time basis from available margin and credit for only realized profit shall be given. Unrealized profit shall not be considered in available margin.

In case if high margin shortage is observed or continues margin shortage instances are observed, Your account might get blocked from further trading to create any new position's only square-off of position will be allowed.

#### *Parameters:*

- Liquid contracts are only allowed and for trades in long / far dated contracts need to take prior approval from Risk Head and Business Head.
- Buy options orders are allowed on Cash
- In case ageing debit persist more than T + 1 + 5 then, further trading will be not permitted (Only square off will be allowed).

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## CATALYST PRODUCT (COVER ORDER) PRODUCT

*Features & Definitions:* This product is similar to Cover Order product mentioned earlier for Cash segment except trades are done on derivatives segment.

*Securities Allowed:* Cover order is allowed only for selected securities. List of such securities are reviewed on monthly basis.

#### *Parameters:*

- Allowed only for selected FNO stocks.
- Minimum margin of 5%.
- Timer based square off at 3:15 PM for all open positions
- Positions conversion is not allowed.
- Only allowed for Future Buy / Sell and Option Sell Order's.

In case the stop loss is triggered before the timer based square off then order is triggered by the system and the outstanding positions are squared off. For all other open positions, it would be liquidated on the same trading day at 3:15 PM.

BFSL reserves the right to remove any scrip from this product at anytime with or without prior intimation as the case may be.

## Mutual Funds

BFSL to offer facility for subscriptions or redemptions of Mutual Fund through trading system. This facility is provided using BSEs Star MF platform. All mutual funds scheme approved by exchange for subscription or redemption are allowed.

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## SUBSCRIPTION OF UNITS

Clients are allowed to subscribe to all MF schemes as approved by the exchange. This facility is available to all set of clients

Risk validations: The minimum among the three conditions mentioned are considered for the MF application

- Cash Margin available at the time of application
- Mutual Fund application amount
- Free Margin available i.e. (Cash Margin available + Collateral post haircut – margin used for both Cash segment trade – Span Margin – Exposure Margin – MTM Loss – any other margin used)

## REDEMPTION OF UNITS

Clients having mutual fund units in DP are uploaded as holding on the trading platform. Clients can place redemption orders anytime during the trading hours. Cancellation of redemption order is also possible during the trading period. All redemption orders are validated against the uploaded holdings

## Dealing in Restricted Scripts

To avoid concentration on single scrip for client and at global level BFSL may have certain checks:

- BFSL Concentration for each scrip will be capped at 30% of exchange (NSE & BSE) volume.
- Client level concentration for specific scrip will be capped at 30% of BFSL volume

BFSL may change its collateral valuation norms, depending on but not limited to the following factors:

- Market Volatility, Market Cap, Daily Volumes, Shifting of Scripts by exchanges between categories
- M&A Activity, Corporate actions (Bonus, Stock-Splits, Delisting, Buy-Back)
- Exchange restrictions on specific stock
- BFSL shall from time to time classify restricted scrip and system will alert. List of securities which are restricted based on internal criteria.
- BFSL reserves the right to refuse execution of any transaction requests of the client on such restricted securities or to reduce the open market interests of the client in such securities/contracts.
- BFSL also reserves the right not to allow any trades or transactions in respect of certain securities or segments or orders/requests which may be below/above certain value/quantity as may be decided by BFSL from time to time.
- Scrips listed in the SME segment will be restricted for trading on our trading platforms-These having huge lot sizes & have low liquidity. Eventually these have miniscule participation in terms of volume at the exchange. To avoid manipulations or erroneous trading, this category is restricted for Trading.
- Fresh buying in GSM / ASM scrip will be restricted in trading platform however, if any client wishes to buy, 100% margin will be imposed and allow only 10 percent of exchange volume of T-1 Day at sole discretion of BFSL Risk.
- Selling will be allowed in GSM / ASM scrip, if client bought from BFSL & intent to clear the debit balance.
- Dealing in SME Series scrips traded on BSE/NSE with "SM" & "M" series group etc. or any such group such as "Z" , "T" where liquidity and volume is very low as well as quality of the scrip's are considered as high risk will be restricted for trading on our trading platforms. Trade may be allowed to place subject to liquidity/volume in the market and looking at the trade pattern.
- Any obligation arising out of any such trade or position taken in illiquid scrip or contract should be borne by the client on immediate basis to avoid any further action.

## Liquidation

Liquidation policy for below event:

- Ageing Liquidation
- CUSA (Client Unpaid Security Account)
- Safety cover liquidation
- Risk Liquidation
  - Margin Shortage Liquidation – FNO / Cash
  - M2M liquidation
  - Margin Shortage Liquidation



### AGEING LIQUIDATION:

It is client's obligation to clear outstanding dues by T+2 (T indicates Trading day). Client shall ensure timely provision of funds to BFSL to meet exchange obligations. BFSL reserves the right to close the positions / sell securities to the extent of ledger debit and/or to the extent of margin obligations.

Selling will be done in clients account on T+2 + 5 days for the ledger debit which is more than T+6 days on ageing basis. For e.g.: All trades executed on Monday will be squared off on next Wednesday(T+7) where T indicates Trading day. In other words, if funds are not received for scrips purchased on Monday by next Tuesday i.e. T+6, BFSL shall liquidate securities to the extent of ledger debit.

### Illustration:

Trading Days	Calendar days	Activity
T Day	Monday	Client buys security and pays the initial margin
T + 2 Day	Wednesday	Client carry the position with initial margin
T + 2 + 5 Day	Wednesday	Client's position is squared off automatically by the system as its obligation is not met

\*BFSL will continuously communicate to client post T+2 till T+6 days to pay its obligation so as to avoid ageing selling on T+7 Day.

### CUSA (CLIENT UNPAID SECURITY ACCOUNT)

If stock is lying in unpaid securities account and payment for the same is not cleared then such securities will be disposed off within 5 working days from the date of pay-out in proportion to the amount not received and after taking into account any amount lying to the credit of the client. The balance securities will be transferred to the respective client's demat account.

Intimation about such securities as lying in unpaid securities account will be sent to client on registered email id well in advance from 3<sup>rd</sup> day onward hence client has to ensure to transfer funds and or liquidate securities to clear such obligation in time to avoid any liquidation from Risk end.

### SAFETY COVER LIQUIDATION

Based on exposure provided, client must maintain minimum margin cover of 25% is required at any moment of time. Once overall cover % touched 15% system will initiate auto liquidation of portfolio.

Under safety cover liquidation holding will be sold off to clear debit requirement. As it is system driven there will not be any manual intervention to provide any exception hence it is client onus to maintain sufficient cover on a continuous basis to avoid liquidation of overall holding.

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#### **MARGIN SHORTAGE LIQUIDATION:**

Initial Margin is collected upfront from all clients in leveraged segments. Daily Mark to Market losses shall have to be paid latest by T+1 day and any shortages in respect of Initial Margin shall be payable forthwith. In case of default to provide Mark to Market losses or Margins accordingly, BFSL shall be entitled to square off the open market positions without further reference or notice to the Clients. In case of extreme market volatility, margins may be demanded on intra-day basis and Clients should be able to replenish margins on immediate basis to avoid square off. Where market conditions so warrant, BFSL may demand payment by electronic transfer and refuse to accept payment by cheque. Shortage in Initial Margin shall attract penalty as may be levied by the Exchange. All losses from daily settlements and losses from square off which are not paid shall be recovered by selling available collateral shares of the Client and Client shall be liable to pay the remaining balance forth with.

In case of position taken in **Cash Segment** and if margin shortage is observed than such position will be liquidated post sending of intimation if such margin requirement is not made good within specified timeline. In the event of high market volatility BFSL Risk may not be in a position to send any upfront intimation before liquidation of position hence client has to take note of the same.

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#### **M2M AUTO LIQUIDATION**

M2M auto liquidation is built to manage the risk smoothly during volatile days. M2M based auto square off is a process whereby client's position will be liquidated automatically by system based on his margin erosion during the day due to M2M loss. This process will help the clients from going into negative / thin margin due to sudden / steep volatility in market and scripts.

#### **Important Points to be noted**

- Positions are auto squared off once M2M warning reaches 75%. Threshold for liquidation may be changed at sole discretion of BFSL Risk.
- It is applicable only for clients tagged in M2M category.
- Once position is liquidated through M2M based auto square off system, client will be blocked for trading for the day. If the same client infuses margin, risks will review and will allow trading to such client.
- Details of funds transfer, or Cheque received during the day that are not updated on terminal cannot be updated for M2M margin consideration.
- Dealers / Client's will receive pop-up/Intimation on terminals / Email / SMS for margin erosion at defined margin erosion percentage (like 50%, 60%, 75% erosion of margin).
- Once margin is eroded by 70% system will restrict fresh order.
- Client should make good any loss arising in the event of non-liquidation of position by system due to any technical glitch or otherwise due to any such unforeseen reason where in Risk Officer is not able to liquidate the position.

### Timer Based Liquidation:

Client will be able to trade in Intraday leverage product with lower margin. Position taken under such product needs to be squared off on the same day. If clients do not square off positions on the same day by stipulated time limit i.e. 3:15 PM then the positions would be squared off automatically.

### Overlap between Ageing and Risk liquidation Policy

Client must maintain minimum margin required as per BFSL policy at all point in time against debit outstanding. Risk team may liquidate positions from the time client has created debit obligations if not with the Risk liquidation Policy , or in Case of Concentrated Position in any Scrip , in case of high market volatility, in event of any regulatory guidelines or circular which specifies to carry out liquidation or which provide such assessment which demands liquidation to avoid any naked risk etc.

**Every new client on activation will be automatically activated in MTM Auto Square Off & Safety Cover Liquidation as well as Timer based Square Off.**

**Short Option obligation if found created against only stock collateral may attract action as found required from Risk perspective post internal assessment of overall portfolio quality and available margin.**

In case of overlap of ageing debit and risk shortfall, stock shall be liquidated max of stocks pick up as per ageing debit or stocks required to liquidate for clearing risk Shortfall / ledger debit.

BFSL Risk reserves the right to review client portfolio from holistic point of view inclusive of but not limited to (*Scrip Quality, Liquidity, Concentration Risk , High Volatile Scrip's , Legal or Compliance perspective etc.*) , considering all cash and derivative exposure's. And if post such assessment BFSL reserves the right to ask for additional margin (either only in Cash or in Equity Collateral or Both) and or reduction in such exposure as required on immediate basis or by providing timeline.

### Communication

Client can view details of his/her ledger, holdings, margin requirement by login into his trading account. Regular post market intimations regarding debit, information about margin shortage will be sent by BFSL. Any communication with respect to liquidation will be sent by

Following are the few intimations which will be sent to clients:

- Margin Shortage Utilisation Intimation
- Selling Intimation Cash/F&O (Ageing)
- Final Selling Intimation Cash/ F&O (Ageing)

### Default by Client

Since securities are accepted as margin, movement of price may lead to valuations of securities which are not enough to cover debit / margin obligations. In such scenario, securities shall be liquidated (detail liquidation policy mentioned subsequently) and client has to pay any remaining debit , failure to pay the same may lead to legal arbitration with clients.

## Policy for Penny/Illiquid Stocks

BFSL may from time to time limit (quantity/ value) / refuse orders in one or more securities due to various reasons including market liquidity, value of security (ies), the order being for securities which are not in the permitted list of the stock broker / exchange(s) / SEBI. Depending on the market condition and risk associated with it BFSL reserves the right to refuse to provide the limit in Penny Stocks and losses if any on account of such refusal shall be borne by client only.

## Trading in newly listed shares, illiquid securities and illiquid F&O contracts

Newly listed securities, illiquid securities and Trade-to-Trade securities which have high VaR margin are subject to high market risks and rate fluctuations. Illiquid securities and Trade-to-Trade securities will have a daily price range (DPR) whereby the chances that these shares can reach the upper DPR or Lower DPR during a trading day are higher than other securities. Hence, the dealing in these securities will be subject to permission from the Risk department and will be subject to the available credit balance.

In case of Derivative contracts which are Illiquid, dealing would be restricted and would be subjected to permission from the Risk and Surveillance department.

## Policy on GSM/ASM securities

In continuation to various surveillance measures already implemented, SEBI and Exchanges, pursuant to discussions in joint surveillance meetings, have decided that along with the aforesaid measures there shall be additional Graded Surveillance Measures on securities with price not commensurate with financial health and fundamentals like Earnings, Book value, Fixed assets, Net-worth, P/E multiple, Market Capitalization etc.

Scripts which are under GSM/ASM Category are blocked for trading at sole discretion of Risk Management Team.

For more details on GSM/ASM click on the link

[https://www1.nseindia.com/invest/content/FAQs\\_Graded\\_Surveillance\\_Measure.pdf](https://www1.nseindia.com/invest/content/FAQs_Graded_Surveillance_Measure.pdf)

[https://www1.nseindia.com/invest/content/FAQs\\_Additional\\_Surveillance\\_Measure\\_ASM.pdf](https://www1.nseindia.com/invest/content/FAQs_Additional_Surveillance_Measure_ASM.pdf)

## BAN SCRIP IN EQUITY DERIVATIVE

Creation of Fresh position is not allowed in BAN Contract's in Equity Derivative. Hence all BAN Scrip's contract's will be blocked everyday accordingly on trading system. However intraday trading can be allowed hence client has to ensure to check the position and avoid any creation of excess position in such scrip's. BFSL Risk team has the right to liquidate any excess position in such scrip's without prior intimation. It is client's responsibility to ensure no excess position is created and or liquidation of position if any. Any penalty in this regard shall be paid by the client.

## Unsolicited SMS

The Securities identified by exchange in which unsolicited SMS are circulated has been kept suspended from further buying & selling.

Further the square off will also be based on the extreme volatility in the market which may have severe impact on the client and BFSL. BFSL may or may not inform the client on the same in case of potential fluctuation (SEBI guideline on close out/square off). A prior intimation on the same may or may not be given and thus clients are requested to take care of their positions and MTM.

## Reporting to Exchange(s)

In case the client is found indulging in suspicious activities, BFSL may report such transactions to the exchange(s). BFSL is not responsible for any loss incurred by the client if he/she is found guilty of unethical practices. BFSL will share all the required information to the regulator, exchange, or any other recognized regulatory body when a client specific details is asked for. BFSL reserves the right to inform the client based on the directions received by the fore mentioned regulatory body.

## System Risk/Network Congestion

Trading on exchanges is in electronic mode, based on satellite/leased line-based communications, Combination of technologies and computer systems to place and route orders. Thus, there exists a possibility of communication failure or system problems or slow or delayed response from system or trading halt, or any such other problem/glitch whereby not being able to establish access to the trading system/network, which may be beyond control and may result in delay in processing or not processing buy or sell orders either in part or in full. You are cautioned to note that although these problems may be temporary in nature, but when you have outstanding open positions or unexecuted orders, these represent a risk because of your obligations to settle all executed transactions.

BFSL reserves right to amend/modify any of the policies/procedures mentioned above from time to time depending upon regulatory, market, external conditions and our internal risk management framework, and the customers can obtain such change/ modification from the Company's website.

**THANK YOU.**