

RISK MANAGEMENT & SURVEILLANCE POLICY



MONEYWISE FINVEST LTD.

Risk Management and Surveillance:

Risk Management:

We have a client level risk management system wherein the margins/collaterals of all the clients are uploaded to the front office software of Moneywise Finvest Limited ("STOXKART", "the Company"). The clients are allotted exposure based on the margin/collaterals available with us.

Upfront margin is collected upfront from all the clients. Margins are collected in the form of Cash Component like Ledger Balance, Fixed Cash Margin etc and Non-Cash Components like Securities (after haircut) in pledge form, Mutual Funds (after haircut) in pledge form, Government Securities / T-Bills etc. Ratio of Cash and Non-Cash component of collateral is 50%-50%.

The securities given by the clients towards margin are accepted only after haircut called "VaR" which is never less than that fixed by the Exchange. An extra VaR i.e. "STOXKART VaR" is applied for haircut on collaterals to give extra cushion against volatility and exposure is allowed accordingly. STOXKART VaR is calculated taking into consideration many factors such as impact cost, VaR by Exchange(s), Market Capitalization, Book Value, PE, turnover etc. Further we also consider & calculate scrip-wise concentration of securities based on trading average volumes of last 5 Days and 30 Days whichever is minimum and give benefit accordingly.

The securities given by the clients towards margin are by default in NSE Equity Derivative Segment from clients. Clients can choose segment at the time of pledge at own trading preference. Pledge collaterals value after haircut available across the all active segment. If client uses pledge collateral benefit other than chosen segment then STOXKART will charge DPC accordingly.

The client is allowed to execute transactions on the basis of Upfront margin available and the margin is blocked, based on the exposure availed by the client. The clients are required to made balance payment before the Exchange pay-in date otherwise it will be liable to square off after the pay-in time or any time due to debit balance or shortage of margin.

Further, if Non cash component of collateral is more than 50%, then STOXKART may charge DPC up to 0.0575% per day on the excess cash component used by the client or the case will be decided from case-to-case basis in consultation with management.

Further in addition to above as per SEBI circular no. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2022/153 dated November 11, 2022 related to Handling of Clients' Securities by Trading Members/Clearing Members, following important changes included w.e.f March 31, 2023:

All the securities received in pay-out, shall be transferred to the demat account of the respective clients directly from the pool account of the TM/CM within one working day of the pay-out.

With regard to the unpaid securities (i.e., the securities that have not been paid for in full by the clients), such securities shall be transferred to respective client's demat account followed by creation of an auto-pledge (i.e., without any specific instruction from the client) with the reason "unpaid", in favor of a separate account titled – "Client Unpaid Securities Pledgee Account (CUSPA)".

After the creation of pledge, STOXKART has the right to sell such securities in event of failure by client to fulfill their obligation.

If the client fulfills its funds obligation within five trading days after the pay-out, STOXKART shall release the pledge so that the securities are available to the client as free balance.

If the client does not fulfill its funds obligation, STOXKART shall dispose off such unpaid securities in the market within five trading days after the pay-out. STOXKART, before disposing the securities, shall give an intimation (Email/SMS) to the client before such sale.

The unpaid securities shall be sold in the market with the Unique Client Code (UCC) of the respective client. Profit/loss on the sale transaction of the unpaid securities, if any, shall be transferred to/adjusted from the respective client account.

STOXKART shall invoke the pledge only against the delivery obligation/pending dues of the client. On invocation, the securities shall be blocked for early pay-in in the client's demat account with a trail being maintained in the TM/CM's client unpaid securities pledgee account.

Unpaid securities pledged in client's account shall not be considered for the margin obligations of the client.

In case of Margin shortage or Exchange wise/Segment wise Margin shortage or Debit balance, clients are intimated /called upon to make the payments promptly or replenish the deficit immediately. Failure in making payments automatically results in blocking the client from increasing the position or position of the client may be squared off.

Further, in case of debit balance the client are insisted to replenish the deficit immediately and in case of failure to clear debit balance, pledged securities may be invoked to meet the shortfall and may also charge DPC up to 0.0575% per day on the running account debit balance of the client.

Trading on the Exchange is in electronic mode, based on satellite/ leased line 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 including delayed or missed OTPs whereby not being able to establish access to the trading system/network, which may be beyond the control of and may result in delay in processing or not processing buy or sell orders either in part or in full. Although such problems may be temporary in nature, but when client(s) have outstanding open positions or unexecuted orders, these represent a risk because of their obligations to settle all executed transactions. The losses if any arising out of such systems/network risk shall be of the client alone.

The Client shall not have any claim against the Exchange or the Stock broker on account of any suspension, interruption, non- availability or malfunctioning of the STOXKART trading system or Service or the Exchange's service or systems or non-execution of his orders due to any link/system failure at the Client/Stock brokers/Exchange end for any reason beyond the control of the Exchange/STOXKART.

Exchange/STOXKART, at all times, bears no liability towards any reason whatsoever with respect to any opportunity loss for non-execution of any order or non-placement of any order.

Open positions under the Intraday (Margin) product (Equity/Equity Derivatives – NSE/BSE, including Index Derivatives/Stock Derivatives) shall be squared off on a best-effort basis by 3:15 p.m., and positions in the Commodity Derivatives segment by 11:15 p.m., if not converted by the client into Delivery/Carry Forward. Further, please note that positions are liable to be squared off at any time if 50% of the client's margin is eroded.

Any open positions in stock futures and/or stock options on the expiry day are mandatorily subject to physical delivery settlement by clients.

Stock Futures Contracts:

Long Position (Buy): Buyer shall have to take delivery.

Short Position (Sell): Seller shall have to deliver the delivery.

Stock Options In-the-Money (ITM) Contracts:

Call Option: Buyer must take delivery; seller must deliver the delivery.

Put Option: Buyer must deliver the delivery; seller must take delivery.

Client who does not wish to participate in physical delivery, clients are advised to square off or roll over your positions either a day prior to expiry or latest by 12:00 Noon on the expiry day.

Such clients intend to take or give delivery; clients shall ensure that sufficient funds (for taking delivery) or adequate stock holdings in their demat account (for delivery Pay-in) are maintained. All required funds and/or securities must be made available well in advance (a day prior to the expiry), to ensure smooth settlement.

Failure to comply with the above may attract RMS action, whereby the company reserves the right to liquidate open positions at any time after 12:00 Noon on the expiry day, without any further notice, in order to mitigate risk.

No additional time shall be granted for managing positions beyond the stipulated deadline stated supra; requests for extensions up to 3:20 PM or until market close shall not be entertained under any circumstances.

Any penalties, auction losses, close-out charges, or additional costs levied by the clearing corporation or exchange shall be recovered entirely from concern clients. It is solely your responsibility to manage positions, including regular monitoring of contract expiry dates and settlement obligations. No liability shall lie upon the company for any consequences arising from claims such as non-receipt of alerts, reminders, or any other communication related to position management or expiry obligations.

Surveillance:

Apart from monitoring the availability of margins and recovery of Debit balance we also identify the incidents which in our opinion, require to be scrutinized.

We keep check on the list of securities provided by exchange as illiquid. No business center is allowed to transact in these securities. Further, we identify the securities that are having very few transactions on regular basis in the market and categorize them also as illiquid securities. The approval to execute transactions in such securities is given on a case-to-case basis and we charge 100% margin on these.

At the End of day, we process the transactions through our offline surveillance system. We monitor the concentration of volume in various securities executed through us. In case where it is identified that we have concentrated more of the market volume in any security, the instance is scrutinized in detail.

We also examine the incidents of trades which are executed in less liquid securities to identify whether the same are used as a mechanism to execute transactions like circular trading, profit transfer incidents etc.