

Client RMS Policy

Introduction

Investment in securities is susceptible to market risks which cannot be predicted. While the risk of loss is inherent in the market, it is important to note that the Risk Management Policy is not an insurance against losses; these are measures and precautions that are adopted to contain risks to the minimum. The Policy is subject to change according to our risk perceptions of the market and SEBI/Exchange regulations for the time being in force.

MAXIZO Trading LLP (MAXIZO) Risk team reserves the right to give exceptions/deviations to this policy at their discretion.

Scope

This policy is applicable to Broking Business of MAXIZO Trading LLP

Scrip Categorization

Scrips margins are primarily based on factors like

VaR margin
Exchange Volume
Exchange Group

However other factors like trading numbers and volumes, market capitalization, profits, track records, shareholding patterns, dividends etc. are also considered for determining scrip margins. Based on the above parameter scripts are categorized as below. Margins mentioned below may change from time to time at discretion of MAXIZO.

Category	Margins
Very Low	15%
Low Risk	20%-30%
Medium Risk	40%
High Risk	60%
Cash & Carry	100%

Dealing in Illiquid/Restricted Scrips:

In order to exercise additional due diligence while trading in these securities on behalf of their clients:

- MAXIZO 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.

- MAXIZO 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 MAXIZO Risk Team from time to time.
- Circular or Insider trading is strictly prohibited. Action shall be initiated against any trade resulting in price rigging.
- MAXIZO shall not be responsible for non-execution/delay in execution of orders in restricted scrips and contracts and consequential opportunity loss or financial loss to the customer. MAXIZO shall have the discretion to place such restrictions, notwithstanding the fact that customer has adequate credit balance RISK POLICY or margin available in his account and/or the customer had previously purchased or sold such securities / contracts through MAXIZO itself. MAXIZO shall have the right to revise the list of such securities / contracts on a periodic basis. For more details, request you to kindly review Terms and conditions (T&C) and Policies and Procedures as specified and displayed on our website from time to time.

Limits & Exposure:

Assigning Trading Limits:

- Margin/Deposit based limits are assigned to the customers for trading purposes.
- Limits are set at 1x of Margin received from the client.
- Margins are blocked at scrip level on the position taken by the clients as below
For Cash segment – As per scrip category.
For Derivative segment – Initial (SPAN) + Gross Margin (as per exchanges)
- Deposit is calculated at customer level after netting off ledger balance in all Segments and Collaterals pledge with MAXIZO (after hair cut)
- Additional Limits may be assigned on case-to-case basis post evaluation of the client profile which shall be solely at the discretion of RMS of MAXIZO Ltd
- The limit for trading on pledge securities will be given to client on best effort basis only post confirmation of creation of pledge in favor of MAXIZO. MAXIZO will not be responsible for any delay or non-receipt of link / OTP from depositors for creation of pledge or non-confirmation of pledge request by the client or due to technical or any other issue at depository as well as at MAXIZO's end.

Exposure:

Client can take exposure based on Scrip margins.

Cash exposure: Ledger Debit or Stock value (whichever is lower) by paying upfront margin.

Category	Margin(%)	Exposure (Times)
Very Low	15	6.67
Low Risk	20	5
Low Risk	30	3.33
Medium Risk	40	2.5
High Risk	60	1.67
Cash & Carry	100	1

Derivative Exposure: Client can take exposure in derivative segment by paying upfront margin. Exposure depends on Span Margin & Gross Margin.

Margins: Margins are collected upfront from the client before the actual trade.

Type of Margins:

Cash Component

Non-Cash Component

Cash Component:

Ledger Credit

Fixed Deposits

Non-Cash Component:

Approved listed securities (after Haircut) in pledge form

Approved Mutual Funds (after Haircut)

Or Any other securities accepted by the Stock Exchanges from time to time

Margins are blocked in each segment as tabulated below:

Segment	Margin %	Remarks
NSE Equity	Scrip wise fixed margin	As per scrip category
NSE Derivative	Span + Gross + Additional (if any)	As per Exchange / MAXIZO
Currency Derivatives	Span + Gross + Additional (if any)	As per Exchange / MAXIZO
Commodity Derivatives	Span + Gross + Additional (if any)	As per Exchange / MAXIZO

- Margin Required = Margin on Equity & Derivative Positions
- Margin Available = Margin received from client in form of cash & non cash components
- Margin calls will be made to client in case of any margin shortfall
- **Margin Shortfall = Margin Required – Margin Available**

Derivatives Margin Reporting

Derivative Margin reporting is a report, whereby, we update clients margin lying with us against margin required on his derivative open positions to respective exchanges.

The reporting is done on daily basis to the exchange

Currently reporting is mandatory for Cash segment, Equity Derivative, Currency Derivative segment and Commodities Derivative. Margin would also be collected from clients based on peak margin requirement for shortfall if any, as applicable from December 01, 2020 or thereafter from time to time as prescribed by the Regulator.

Liquidation:

Based on the risk, every client account shall be evaluated to ensure that, sufficient margin is available at all the times as per the Margins defined in MAXIZO Collateral policy.

In case of Margin shortfall, following actions are initiated by Risk Team:

Making margin calls, and requiring clients to provide additional margins.

Liquidating clients position or collaterals to the extent of shortfall obligations.

- MAXIZO may follow the Company Policy for liquidation of securities but it may not be binding on it to follow this method in all cases.

Risk square off process

- a) Auto liquidation of client positions or collateral will be carried by RISK department in case client margin Shortfall exceeds 50%,

MAXIZO reserves the right to close/liquidate the open positions / sell securities to the extent of ledger debit and /or to the extent of margin obligations if clients doesnot clear margin shortfall within stipulated time .

Selection of position to be liquidated will be as per best possible combination, which would cover maximum margin shortfall.

Liquidation would be done by RMS in the following sequence:

1. Derivative position
2. Stock lying in client Demat (with POA)
3. Stock lying in SK Collateral (pledge stock)
4. Stock lying in Unpaid securities

The above mentioned liquidation will be on a best-effort basis and will be solely at discretion of MAXIZO RMS.

- b) For Big Trade (intra- day leverage product), liquidation is triggered on following basis:
- Earlier of MTM Loss basis i.e., margin erodes by 70% of total margin blocked.

At any given point in time if the MTM level of the client breaches 70% of his available Cash margin, the risk team would square off the complete positions of the client with or without intimating the clients.

For sake of better understanding, the square off percentage of 70% is basically the threshold base limit and it should not be construed as exact 70% for square off. The position may get squared off at exact 70% above the base threshold limit. Due to market extreme volatility it may not be possible to monitor the square off limit from percentage (%) to percentage (%).

Further the above square off will also be based on the extreme volatility in the market which may have severe impact on the client and the company. The Company may or may not inform the client on the same in case of potential fluctuation. This would occur at the discretion of the Risk team. It would be client responsibility to ensure that sufficient margin is available at all the times.

- c) Margin Square-OFF Positions which do not have sufficient funds can be squared off any time at the discretion of our Risk team. There may or may not be a margin calls or intimation from our Risk team. Positions would be squared off proportionally by the risk team to bring down your margin shortfall.
- d) Positions taken under Big Trade Products will be squared off immediately if the price gets triggered. Square off can also be initiated by client before 3.15 PM. Else MAXIZO shall endeavor to square off the position at any time after 3.15 p.m.

In case the said position is not squared off before closure of the market, the position shall be carried forward to the next day. In such cases the client shall be responsible for ensuring that adequate margins are available in the clients account with MAXIZO in order to ensure that there is not shortfall in the account. In case there is a margin shortfall, the positions may be squared off based on the risk management policy of MAXIZO. Margins shall be placed in form of funds and / or securities subject to appropriate haircut based on risk management policy of MAXIZO. Client would be liable for penalty for shortfall in payment margin from time to time within the ambit of regulations.

Ageing Debit Square off:

- As per SEBI guidelines, clients account cannot be funded by broker.
- Only grace period of 5 working days from settlement day is given to the client to clear the dues. It is client's obligation to clear his/her outstanding dues by T+1 (T indicates Trading day). The client shall ensure that sufficient funds / securities are kept with MAXIZO to meet exchange obligations.

- MAXIZO reserves the right to close / liquidate the open 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+6 days for the ledger debit which is more than T+5 days on ageing basis. No further exposure is to be given clients having debit beyond 5 days.
- Further, as per SEBI circular on handling of clients' securities, in case of Debit balance (at consolidated level) in client ledger account, MAXIZO reserves rights to transfer securities to Client unpaid securities Account (CUSA) from pool account. In case of non-payment, MAXIZO reserves the right to sell securities from CUSA. Further, MAXIZO also reserves the right to transfer unpaid Securities to client account directly from the pool / CUSA account. In case the client is providing collateral in the form of approved securities as margin, a margin pledge shall be initiated by the client in favour of MAXIZO through physical or electronic instruction mechanism provided by the Depositories.
- In case of non-payment of purchased securities or towards margin obligation of client, where the client has given Power of Attorney in favour of MAXIZO, the margin pledge shall be initiated by MAXIZO on behalf of the client. The margin pledge will be initiated as per the process defined by the Depositories / SEBI / Exchanges.

The client will receive a link on registered Email id / Mobile number mapped with depository (NDSL / CDSL) for confirmation of pledge in favour of MAXIZO. Client will have to enter an OTP received on Email id and /or Mobilenumber within the prescribed timeline to confirm pledge in favour of MAXIZO.

MAXIZO reserves the right to re-pledge the securities to the Clearing Corporations. In case the client defaults MAXIZO and/or the Clearing Corporations shall be entitled to invoke securities pledged by the client.

- MAXIZO reserves right to sell the collaterals pledge by the client towards margins and/or paid securities purchased by the client in earlier settlements where the sale proceeds of unpaid securities are inadequate to cover the pay- in obligations and/where the unpaid securities appear to be comparatively illiquid and cannot be sold at reasonable rates to the extent required.

Intimation:

On best effort basis, clients will be notified of their trades/Risk-square off in case of margin shortfall through SMS & E-mail.

Framework for the facility of voluntary freezing/ blocking the online access of the trading account to clients on account of suspicious activities (per requirements of SEBI Circular No. SEBI/HO/MIRSD/POD-1/P/CIR/2024/4 dated January 12, 2024) is as follows:

1. MAXIZO Trading LLP (herein after referred to as MAXIZO) shall make available to the clients doing internet-based trading/ mobile trading/ other online access for trading following modes of communications through which the client may request for voluntary freezing/ blocking the online access of trading account if any suspicious activity is observed in the trading account: -
 - a) Email from registered e-mail ID
 - b) SMS from registered mobile number
2. The e-mail ID/ telephone number shall be dedicated for receipt of communication for voluntary freezing/ blocking of the online access of the clients' trading account. The nomenclature of the dedicated e-mail Id shall be stoptrade@maxizotrading.com and mobile number shall be 9311113337.
3. MAXIZO shall take the following actions on the receipt of request through any modes of communications as provided by it for freezing/blocking of the online access of the trading account from the client:
 - a. Validate that the request is received from the client as per point no. 4 below and issue the acknowledgement as well as freeze/block the online access of the client's trading account and simultaneously cancel all the pending orders of the said client. The timelines for freezing/ blocking of the online access of the clients' trading account is as under: -

Scenario	Timelines for issuing acknowledgement as well as freezing / blocking of the online access of the trading account.
Request received during the trading hours ¹ and within 15 minutes before the start of trading.	Within 15 minutes ²
Request received after the trading hours and 15 minutes before the start of trading.	Before the start of next trading session

¹ Trading hours shall be as follows:

Capital Market Segment: 9.15 a.m. to 3.30 p.m., Equity Derivatives Segment: 9.15 a.m. to 3.30 p.m.

² To begin with, the time limit of 15 minutes is being specified for the purpose of issuing acknowledgement as well as freezing/blocking of the online access of the trading account. This time limit shall be contracted after a review in next six months after the date of its applicability to enhance protection of investors from suspicious activities.

- b. Post freezing/blocking the client's trading account, send a communication on the registered mobile number and registered e-mail ID of the client, stating that the online

access to the trading account has been frozen/blocked and all the pending orders in the client's trading account, if any, have been cancelled along with the process of re-enablement for getting the online access to the trading account.

- c. Details of open positions (if any) shall also be communicated to the client along with contract expiry information within one hour from the freezing/blocking of the trading account. This time limit shall be contracted after a review in the next six months after the date of its applicability to enhance protection of investors from suspicious activities. Presently w.e.f. July 01, 2024.
4. MAXIZO shall have a mechanism in place to validate that the request for freezing/blocking of the online access of the trading account is received from the respective client only. This can be done by the MAXIZO by:
 - a) verifying whether request is received from the registered phone number/e-mail Id of the client; or where request is received from other than registered phone number/e-mail Id of the client, the MAXIZO shall have a client authentication procedure (2 Factor Authentication) in place or
 - b) Following any other process as may be prescribed by the Exchange(s) uniformly in consultation with SEBI, from time to time.
5. MAXIZO shall maintain the appropriate records/logs including, but not limited to, request received to freeze/block the online access of trading account, confirmation given for freezing/blocking of the online access of the trading account and cancellation of pending orders, if any, sent to the clients.
6. In case of failure of the MAXIZO in freezing/ blocking the online access within the prescribed timelines (**15 minutes in case the request is received during the trading hours and within 15 minutes before the start of trading / Before the start of the next trading session in case the request is received after the trading hours and 15 minutes before the start of the trading**), MAXIZO **shall be responsible** for any trades executed from the time of receipt of such request till such time the online access is blocked / frozen.
7. Re-enabling the client for online access of the trading account: - MAXIZO shall re-enable the online access of trading account after carrying out necessary due diligence including validating the client request and unfreezing / unblocking the online access of the trading account.
8. It is clarified that:
 - a. Freezing/blocking is only for the online access to the client's trading account, and there shall be no restrictions on the Risk Management activities of the MAXIZO.
 - b. The request for freezing/ blocking does not constitute request for marking client Unique Client Code (UCC) as inactive in the Exchange records.