

PARIM FINANCIAL SERVICES

RISK MANAGERMENTS SY/STEM POLICY

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Developed By



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1. INTRODUCTION:

This is a policy document for guiding the operations of the organization.

This Document is for internal use and not for circulation.

2. PURPOSE:

This document highlights the general risks that are carried by our company and the Risk Management Mechanism to bring the risks to acceptable levels of functioning.

3. CLIENT REGISTRATION:

This is first stage of contact with the client. It is very important to obtain adequate details from the clients to maintain adequate records thereof.

1. The sales team shall contact the prospective clients for Registration.

A base level due diligence with regards to its Constitution, Status and Acceptability under the Indian Laws is carried out.

2. The Client Registration Form shall be obtained from all the clients who are not specifically exempted by SEBI as per the Circular no. SEBI/MIRSD/DPS-

1/Cir-31/2004 dated August 26, 2004.

3. For the clients Exempted from the above procedure by virtue of the said SEBI circular, the Company Shall obtain the details required setting up the account and for ensuring Compliances stipulated by the Regulators from time to time. Following details shall be obtained.

- a. Client Name
- b. SEBI Registration Number
- c. Verified Copy of Pan Card received from Custodian
- d. Unique Client Codes allotted by exchanges e. Client back office contact details etc.

4. BROKER CLIENT AGREEMENT:

Broker Client Agreement is executed with the above referred non-exempted clients, at the time of client registration. It is as per the format prescribed by the Regulators. This will cover all the responsibilities, Rights & Liabilities of client & member.

5. RISK DISCLOSURE DOCUMENT (RDD):

Trading in securities market involves risks of various natures. Clients need to be educated and informed about the risks involved and the company as a policy will issue the RDD to all its clients and obtain a signature on the copy. This shall be carried out only for the Clients which are not exempted for RDD compliance by virtue of the Above mentioned SEBI Circular.

6. TRADING:

The Company shall carry out trades on behalf of the Clients Registered as per the above procedure. The Company shall deal only on behalf of Domestic Financial Institutions, Foreign Institutional Investors, Foreign Corporates, Indian Corporates and PMS Clients.

In case of Foreign Corporates commonly the company shall only entertain sale transactions as the Purchase of shares by them has been disallowed by RBI.

7. MARGINABLE & NON-MARGINABLE CLIENTS:

The clients can generally be categorized as marginable and non-

marginable clients. FCCB and GDR accounts, PMS and Corporates are marginable clients. For marginable clients the Company is required to pay the Margin to the Exchanges. It shall be the responsibility of the Dealers to confirm that the Company has adequate deposits with the Exchanges for Execution of the trades. This shall be done in co-ordination with the Accounts department. In case of insufficiency of funds deposited with the Exchanges, the Accounts Department shall lodge adequate funds that shall be required for execution of the Trades of the Clients.

The Exchanges do not levy margin on the trades, carried out on behalf of non-marginable clients. The obligation of settlement is transferred to the Custodians when they confirm to settle the same. In case the Custodians do not accept the settlement obligation the trades are settled on a Delivery Versus Payment (DVP) basis. In such a situation these trades become marginable and the margin is payable on T+1 day.

8. CLEARING & SETTLEMENT:

Almost all the trades of the clients are settled through Custodians. The trades have to be confirmed by the Custodian of the client on the next day. Once trade confirmation complete the obligation of settlement of the

trades is transferred to the Custodians. In case the trades are not confirmed by the Custodian of the Client the trades have to be settled on DVP basis. In such instance the company has to arrange for working capital.

The Employees shall carry out all possible activities to ensure that the trades are settled through the Custodians.

9. CONTRACT NOTES:

The Contract Notes shall be sent to all the clients through the Straight through Process (STP). This shall be done keeping in mind the Compliance requirements of the Regulators.

10. IBT – SETTING OF CLIENT EXPOSURE LIMITS

In case of IBT clients, each client having IBT terminals will be given a limit on its exposure. Client-wise exposure limits will be set based on the total business received from the client. A team comprising of Director Sales and Director Dealing will be allocating the exposure limits to clients based on the above criterion.

This will be monitored through the Corporate ID (administrative)

terminal located in the corporate office dealing room and the responsibility of day-to-day monitoring of exposure limits will be supervised by Head

Of Operations/ Manager Compliance. The overall responsibility of compliance of client exposure limits will lie with the Director Finance & Accounts along with Compliance Officer.

11. EFFECTIVE DATE

This policy is effective from 01.07.2013.

12. REVIEW AND UPDATE

This policy shall be reviewed and updated on an annual basis or on any special event or circumstance.