RMS POLICY

Background:

Elios Financial Services Pvt. Ltd. (EFSPL) is a stockbroker registered with National Stock Exchange of India Ltd and BSE Ltd in India and provides stock broking services to its clients. EFSPL predominantly caters to the clients in the Institutional segment, which mainly deals with FPI clients.

Scope of the Policy:

A Risk Management System is integral to an efficient Risk system. We have implemented a complete risk management system, constantly upgraded as per the Exchange, SEBI norm, and the Market Movement. Further, this policy intends to ensure the implementation of best practices in dealing with an intention of offering seamless, high-quality service to the clients.

Defining of Limits:

The following limits shall be defined for each terminal:
1. Quantity Limit for each order
2. Value Limit for each order
3. User value limit for each user ID
4. User quantity limit for each user ID
5. Branch value limit for each Branch ID
6. Spread Order Quantity and Value Limit (Derivatives & Currency Derivatives segment)

Procedure for setting of Limits:

EFSPL follows the practice of setting limits at each level namely BOLT/Corporate Manager/Branch Manager and Dealer. Limits are reviewed on a regular basis and if required approval is taken from the Director by RMS team.

The Limits utilization is continuously monitored during the day. Any request of upward revision in limits by dealer is done post receipt of specific consent of dealer and after necessary risk assessment by RMS team.

EFSPL predominantly deals on behalf of Custodian Clients who generally place large orders and as a result it is difficult to set turnover and exposure limits for such clients. We have given appropriate limits that will be set for Institutional Custodian settled Clients.

Vide circular no. CIR/MRD/DP/34/2012 dated December 13, 2012, issued by SEBI has mandated that individual orders should not exceed Rs. 10 Crores. However, as a conservative measure, all terminals will have an individual order value limit of Rs. 10 Crores.

The clients in the institutional segment take large positions and as a result there will be no position limits for clients. However, Clearing Corporation of respective exchanges monitors the position limits for FPI, FPI sub-accounts based on Custodian Participant (CP) Code.

Unexecuted Orders / Outstanding Orders which are not executed on trading terminals will get cancelled in the trading system at EOD.

Limit Setting for PRO Terminals:

We are not providing any PRO terminals to the dealer other than the approved default location. Any provision for PRO terminals is considered with prior approval of necessary limits from the Director by RMS Manager.

Checks in place:

1. Limits of terminals will be reviewed regularly after analyzing assessment of risk.
2. Terminals limits will be set up at Corporate Office.
3. Direct terminals will be given on exceptional basis only with approval of Director.
4. No user will be provided unlimited limit.
5. Allotment and surrender of terminals are done in compliance with the requirements of Exchanges and SEBI.

Review of process and maintenance of records:

The Board of Directors or Compliance Officer of the company shall review & update this policy from time to time and make the necessary changes as per the amendments introduced by the regulators.

The Risk Management team at Corporate/Head Office shall be responsible for maintenance of records as prescribed by regulators and demonstrating the adequacy of system to auditors and exchanges.