



# Goldmine Stocks Pvt. Ltd.

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## Risk Management Policy

### **Overview:**

Risk Management is an important aspect for any organization. A poorly planned risk management system may result in the compromise of the safety and security of the whole business operation of the company as well as of the clients.

Such events are the situations where Goldmine Stocks Pvt Ltd. (Referred to as 'Goldmine') has applied Risk Management policy to counterfeit these situations which may result in loss to the organization/system.

These guidelines identify the set of measures that are part of company's security programs. Risk Management policy is a policy towards safe and secure environment with respect to client obligations and to achieve risk at the minimum level possible.

### **Scope:**

The scope of this policy includes all personnel who are dealing with Goldmine and are associated as an employee, client & Authorised persons (APs) or in any other way which may affect the operational activity of Goldmine.

### **Risk Management System:**

The Business model for Goldmine consists both Goldmine owned Branches and Business Associate Offices (Authorized Persons). The clients are linked or mapped to these branches or Associate Offices, and are engaged in trading from these branches. Apart from the trades executed from Branches, there are certain clients who are indulged in online trading using the internet / wireless trading platform of Goldmine. Controlling and monitoring of these trades are done from RMS surveillance dept.

### **Major Functions of RMS:**

- Allocating exposure to the clients' trading account and enabling the clients' to do trades.
- Restricting any client from making transactions beyond exposure level per transaction/day and/or per scrip based on quantity & value.
- Monitoring of orders & trades by clients. Checking of order rejections and increasing Exposure, if required.
- Monitoring the MTM profit/loss incurred out of trades, comparing the Actual Margin requirements of clients and the Total Margin available for clients on a one to one basis and initiating remedial actions, if required.
- Decision with regard to squaring off positions on account of debit balances, MTM loss or Margin shortfalls or any other reasons that may come across.
- Suspending/Blocking of client based on instruction received by the KYC or any other Department or statutory orders of non-compliances or for non-fulfilling the information sought from the client.

In short, the Risk management in relation to all the trading activities for Clients is handled by RMS Dept.

## **Trading and Limit Setting:**

- All the employees/APs designated for the trading activity should be adequately qualified and should be holding appropriate certificates as per the guidelines prescribed by SEBI and the exchanges.
- All the above employees/APs should be allotted a unique user ID for their trading platform which is to be password protected.
- Each user should be given a pre-set limit for the trading activity as per the availability.
- Each client registered with Goldmine needs to provide adequate Margin (Upfront) by way of funds and/or securities through Margin Pledge before he/she wishes to execute the trade. On receipt of the adequate margin/collateral from the client, he/she will be able to put buy or sell orders through Goldmine's trading platform either online or offline. Client shall be granted applicable exposure on clear fund/collateral balance available in his/her trading account. Client shall require to fulfill the Peak Margin requirement at all time.
- In cash segment client needs to deposit 20 % Margin of traded value or VaR+ELM and/or other Margins on Upfront Basis and M2M loss is required to be cleared within T+2. No buy/sell order can be allowed without depositing adequate margin.
- Client may allow to sale holding stocks provided EPI (Early Pay-In) of securities being carried out or/and accepted by CC.
- In case of Derivatives (F&O/Currency), It is mandatory for client to deposit Initial (SPAN) margin, Extreme Loss Margin, Net buy premium on upfront basis and delivery margin, MTM Loss etc. by T+1 as may be imposed by the exchanges from time to time.
- In case of Derivatives (Commodity), it is mandatory for client to provide Initial Margin and Extreme Loss Margin on upfront basis and other Margins (MTM loss, delivery margin, additional/special margin) by T+2 as may be imposed by the exchanges from time to time.
- Client must deposit Mark to market losses (MTM) by T+1 day in case of F&O/currency derivative and by T+2 in case of cash segment / commodity derivatives. In case of margin shortage applicable penalty will be levied to the client as prevailing rules and regulations and policy mentioned in below in short margin penalty head.
- The term 'Exposure' means the extent to which the client's initial deposit can be utilized for trading activities.
- While granting the exposure limit, collateral in the form of securities by way of margin pledge will be valued as per the latest available closing price on the exchange after applying appropriate haircut as per the applicable VaR or VaR+ ELM and Additional/Adhoc Margin.
- All Intraday position (Equity Cash & Equity Derivatives) shall be squared off 3:15 P.M onwards automatically. In case of Buying/Selling cap, Goldmine would not be able to square off such position and therefore any shortage penalty or loss arises due to such situation shall be borne by the respective client.
- Upon the MTM loss on open position reaching to 70% or above of the available margin (such %age may be curtailed or enhance by Goldmine in its absolute discretion depending upon the prevalent market condition), the position shall be cleared/Squared off either from the respective branch or associates offices concerned/terminals or through RMS dept. or by the system automatically.
- Goldmine may allow client to trade in newly Listed Shares (including SME and/or IPO) & Illiquid Securities subject to certain conditions as may deem fit and proper in its absolute discretion.
- 1) Newly listed shares, illiquid securities, Trade-to-Trade, Z group securities, Penny stocks SME Scrips, Scrips shortlisted by NSE/BSE in ASM (Additional Surveillance Measures) ,GSM (Graded surveillance Measures) or any other group of scrips that may be introduced by the exchange having high VaR margin, ELM and additional margin and where levying of additional surveillance deposit by the exchanges on said GSM/ASM scrips, trading in these scrip are subject to the high market risks and rate fluctuations.  
2) Illiquid securities & Trade-to-Trade securities will have a daily price range and there are chances that these shares reach the upper DPR or Lower DPR during a trading day.  
Hence, the dealing in these securities as mentioned in part 1 & 2, will be subject to the permission from the RMS dept and will be subject to the available credit balance and/or sufficient margin by the client. In few cases Goldmine may allow client on its own discretion to trade (buy/sell) in above group of scrips depending upon Client's profile and market condition only on sufficient available margin.

- For Margin Trading Funding (MTF) transaction RMS dept. prescribed by SEBI and Exchange(s) via circular no CIR/MRD/DP/54/2017, NSE/COMP/48531, 20210609-35.
- RMS dept. also collect written consent letter of MTF terms/conditions from Client before providing exposure for MTF transaction.
- Goldmine at its own discretion may prohibit or block intraday trading in any scrip at any time. Goldmine may also demand higher margin considering the factors such as volatility, fluctuation, circuit filters etc. in any given scrip.

RMS dept. of Goldmine may refuse to allow any trade in above mentioned group of securities on its absolute discretion, even if client have sufficient credit balance and/or margin available in his account.

List of scrips under ASM and GSM is available on website of the exchange(s) (Link below may be change by the exchange from time to time)

NSE: [https://www.nseindia.com/invest/content/equities\\_sury\\_actions.htm](https://www.nseindia.com/invest/content/equities_sury_actions.htm)

BSE: [https://www.bseindia.com/static/markets/equity/EQReports/additional\\_surveillance\\_measure.aspx](https://www.bseindia.com/static/markets/equity/EQReports/additional_surveillance_measure.aspx)  
[https://www.bseindia.com/markets/equity/EQReports/graded\\_surveil\\_measure.aspx](https://www.bseindia.com/markets/equity/EQReports/graded_surveil_measure.aspx)

### **Maintain minimum cash collaterals by Clients**

As per the norms of the exchange, segregation & monitoring of collateral at client level (circular no SEBI/HO/MRD2\_DCAP/CIR/2021/0598 dated July 20, 2021 and NCL/CMPT/51657, NCL/CMPT/51658 dated March 17, 2022, member is required to maintain and upload minimum 50% cash collateral for their clients towards their margin requirement. In accordance with the new requirement, each client is required to maintain sufficient cash collateral (at least 50% of total margin requirement) towards their margin requirement at all times in all segments.

It is to be noted that while making funds pay-out to the client, minimum 50% cash collateral will be retained by us against the total margin requirement of the respective client and then only remaining funds shall be released.

Further, Clients are required to pay interest charges on the shortfall of the Cash-collaterals required to be maintained and uploaded to the clearing corporation. There will be interest charges of 9.00% p.a (0.025% per day) levied on cash-collateral shortage on respective segment.

### **Collection and reporting Margin/MTM losses of client:**

We shall consider the free and unencumbered consolidated balance across all segments and exchanges (Including commodities balances but excluding balances in the client's Margin Trading (MTF) account for the purpose of collection and reporting Margin/MTM losses of the client as per clarification of the exchange circular no NSE/INSP/41498 dated 03.07.2019 and NSE/INSP/45191 dated 31.07.2020 and NSE/INSP/46485 dated 27.11.2020. Further, for reporting of margin collection from client to the exchange, first preference would be given to NSEFO segment and thereafter NSE/BSECASH, NSECD, MCX and other segments. We may change the preference at any time in future as per the discretion of the management.

### **Short Margin Penalty:**

In case client fails to provide other Margins (MTM Loss, Delivery Margin, Additional/other Margin etc.) then penalty as prescribed as per SEBI circular no. CIR/DNPD/7/2011 dated 10.08.2011 shall be levied from the client and same shall be debited to respective client's account.

**Liquidation of Client's Securities/Restrictions/Prohibition to take further position or closing/Liquidation of existing position**

As per the SEBI circular no CIR/HO/MIRSD/DOP/CIR/P/2019/75 dated 20.06.2019 on Handling of Client's Securities Goldmine Stocks Pvt Ltd shall transfer the securities purchased by client to client's demat account within 1 working day of the pay-out in case of clear payment is received from the client.

Further, as stated in SEBI circular SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2022/153 dated 11.11.2022 on Handling of Client's Securities by trading/clearing member. If any client purchase securities, Goldmine shall transfer the securities to the client's demat account from the pool account of Goldmine within 1 working day of the pay-out. In case of the client fulfills / paid its full funds obligation the securities are available as a free balance in to the respective client's demat account. If client fails to make a payment in full then Goldmine shall transfer the such unpaid securities to the respective client's demat account followed by creation of an auto-pledge (without any specific instruction/request from the client) with the flag/reason "auto pledge for unpaid securities", in favour of a Goldmine in separate demat account titled "Client unpaid securities pledgee account (CUSPA)".

If the client fulfills its funds obligation within 5 trading days after the pay-out, Goldmine shall release the pledge securities so the unpaid pledge securities are available to the client as free balance. In case of the Non-payment of dues by client in specified time period, Goldmine shall dispose-off/liquidate such unpaid securities in the market within 5 trading days after the pay-out without any notice to the extent of debit balance of the client and/or as per prevailing Risk management policy of Goldmine. Further, Goldmine shall invoke the pledge against the delivery obligation of the client and such securities shall be blocked for early pay-in in the client's demat account. However as a good practice we may send SMS to client for pending dues and reminder for making payment before disposing/liquidating the securities of the client. If any excess securities balance in unpaid pledge balance shall be released from pledge in the respective client's demat account.

Goldmine may on its own discretion, transfer the unpaid securities of the client to demat account of the respective client having debit balance depending on the profile of the respective client.

In case client fails to meet its Pay-In or margin obligations or MTM or clearance of outstanding debit balance with goldmine before permissible time limit (within 5 days from T-Day), the client shall not be allowed to take any fresh or further position until the full clearance of earlier dues, obligation, outstanding etc. Further, it would be the duty of the client to monitor his/her/its position with the Goldmine from time to time. In case of any delay or failure in meeting any obligation, margin requirement etc. from client side, Goldmine shall close the existing/open position WITHOUT ANY FURTHER INTIMATION to the client; however as a good practice we send SMS to client for margin calls and reminder for making payment before disposal of the securities, open position of the client.

Please note, we may allow further exposure to client having negligible debit amount up to Rs.500/- (may be due to late payment charges, other charges or difference of last clearance) , this amount is such that may not be intentionally kept debit by the client and due to which client's trading should not get hampered.

In the event of client not meeting margin obligations as applicable, Goldmine may square off its outstanding positions and sell off collaterals, to the extent required, without prior written or oral notice or intimation to the client, to ensure that the open positions of the client is backed by sufficient margin. In case of MTM loss of client on open position reaching 70-80% of the available collateral value or at discretion of Goldmine depending the client's risk profile, client's open position shall be squared off by the RMS dept. manually/automatically at H.O. In case of client being granted exposure limit as a multiple of available margin/collateral value, the position taken for intraday is required to cleared by the client at least 30 minutes prior to end of trading hours to the extent of the margin/collateral available, failing which the position of the client shall be cleared/squared off by the RMS dept. manually / automatically at H.O.

Goldmine, at its own discretion can ask to make payment before Pay- In or upfront before placing order.

### **Liquidation/Squaring-off of MTF Securities/Positions by Goldmine:**

- MTF Securities/Position may be liquidated / squared off immediately in case of any of the following situations/ conditions, without any further intimation:
- If the value of the Margin deposited by client with Goldmine to purchase stocks under MTF (Funded stocks), falls below minimum of the margin requirement.
- If the Client has not transferred required funds and/or approved collateral to meet the MTM loss/margin shortages.
- Failing to authenticate OTP for MTF stock pledging, his/her MTF pending purchase may square off on T+3 day by giving message and/or Email on client's registered mobile number / Email ID.
- In case of funded position which was categorized as Group-1 at the time of purchase moves out of Group-1 category due to transferred in T2T segment, ASM/GSM category or any other reason specified by the exchanges.
- In case of suspension, Goldmine will initiate liquidation of such funded position with immediate effect from the date of notice of suspension so that the position is liquidated fully before the date of such suspension respectively.
- Value of collateral has fallen either due to fall in prices or removal of the stock from the approved collateral list by Exchange/Goldmine including due to corporate actions.
- The margin% on MTF stock has been increased by Exchange/Clearing Corporation and hence there is shortage of margin on client's open positions.
- All losses and financial charges on account of such liquidation/closing out shall be charged to and borne by the client.

### **Intimation to client:**

Client needs to be aware about open positions and purchases. Goldmine is under no legal obligation to send any formal communication. However, Goldmine would take extra efforts generally to inform client about the Risk and actions. The intimation would generally be given through website login, SMS, Email etc. subject to correctness and availability of the information in the software.

### **Cautions towards unsolicited messages:**

Unsolicited messages are being sent by unknown sources to induce investment or sale of the stock of certain listed companies, indicating target prices by unregistered or unauthorized entities.

We advise our clients to remain cautious on any unsolicited messages being received by them through SMSs or other ways and refrain to trade/deal in any such stocks based on such SMSs.

Investors are cautioned against SMS tips to buy certain scrips suggesting increase in their market price. We advise client not to blindly follow these tips and do thorough analysis about the company before investing.

Exchange(s) disseminates list of securities in which SMSs is found to be circulated. We always insist client's to go through the list on continuous basis.

In case if client trades in such scrips and exchange levies any penalty and/or holds payout, it will be the complete responsibility of the client.

### **Abnormal/Non- genuine transactions**

As a diligent market participant, every client is expected to exercise adequate due diligence before executing any transactions on the Exchange platform. Stock Exchanges, vide their circulars no. BSE: 20181213-31 and NSE: NSE/INVG/39647, both dated December 13, 2018, have advised clients to refrain from entering any abnormal/non- genuine transactions (ie. transactions made with an objective of transferring profit/loss between the concerned clients/entities or creation of artificial volume in securities/contracts etc.). Further, in case of suspicion of any abnormal trading pattern in the client account, the Exchange/Goldmine reserves the right to block an amount equivalent to the trades in those securities and the same would be released

only after receipt of a rationale on the said trades from the client and subject to completion of Company's internal due diligence. Additionally, a penalty of 100% of traded value/profit made/loss incurred as a result of such trades may also be levied. Notwithstanding the same, the Goldmine may initiate appropriate disciplinary action against the client which may include termination of relation as a client.

In view of the aforesaid, we advise clients to exercise utmost caution and due diligence before executing any such transactions through Goldmine.

Goldmine/Exchange reserves the right to decide whether a trade or trades is/are abnormal/non-genuine and the decision would be final and binding on you

**Precautionary Measures Being Adopted during Heavy Market Falls:**

As a part of our risk management system, Goldmine has inducted our separate team who is monitoring the exposures of clients/ Authorized Persons on real-time basis. During market fall, Goldmine observe the position of respective client as well as Aps like his credit balance available with us, securities lying with us etc. and depending upon the same, Goldmine allow them to transact or create the position or to extend / subtract their position. At the same time, Goldmine has to consider respective client's trade history/experience, his/her financial capacity and/or credit worthiness and referrals. In case, there is debit balance, Goldmine request client to provide sufficient margin / securities / funds to carry out his/her request for fresh buying or to create fresh position. During the market fall, Goldmine may curtail client's exposure limit to minimal compared to normal market condition. In exceptional cases Goldmine may only allow client to purchase shares in extent to available credit balance of the client.

**Disclosure:** In order to protect its interest, Goldmine Stocks Pvt Ltd (Goldmine) reserves its right to alter / amend this RMS policy in its absolute discretion from time to time considering its prevalent RMS policy and market conditions or as per the regulatory requirements without any intimation to clients. However, clients are being advised to refer and actually understand the KYC requirements, prevalent RMS policy (RMS policy shall be available on our website) and such other terms and conditions before entering into any transactions with Goldmine.

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