



RMS Policy
Globe Capital Market Limited

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RMS POLICY

RMS PROCESS

RMS stands for Risk Management System - To manage the risk of the company from the volatility of the market.

(1) RMS works on the following concepts:

1.1) Cash: The clear balance available in the customer's ledger account in our books.

1.2) Margin: The underlying stake provided by the customer in the form of cash, FDR and/or stock to mitigate market (price) or settlement (auction) risk

1.3) Exposure: The aggregate of the customer's obligations arising out of buy + sell trades awaiting settlement in the cash segment and profit/ loss amounts that are yet to be settled on the closed positions.

1.4) Exposure multiple: The number of times that exposure is allowed on the underlying margin on the cash segment would have to be made either on the availability of cash margin or on the availability of the stocks (which are to be sold) in our margin account, by executing a transfer before any order is initiated.

1.5) Stock qualifying for margin in cash segment transactions: Securities in the approved list of GCML.

1.6) Total Deposit: The aggregate of client deposit available with us in the form of cash, shares (after applicable hair cut) and FDR.

(2) NATURE OF CUSTOMER TRANSACTIONS

2.1) Intraday - Cash segment: The amounts of purchase (or sale) in a scrip on any trading day that is reversed by the end of the day by making a contra sale (or purchase) of the exact same quantity, thereby nullifying the original position.

2.2) Delivery Trades: The net purchase or sale of a scrip in a client account that is settled by way of a delivery on T+2(or as per settlement schedule). Delivery in respect of sale transactions in the cash segment has to be settled by the client by tendering securities in demat form before the pay-in deadline. Else the client faces the risk of auction.

2.3) Sell against Buying: A purchase order executed on the Exchange today and the (undelivered) purchased stock sold in its entirety on the next trading day. In this case the first transaction would be settled on T+2 while the sale would be settled on the third business day after the purchase transaction

Note – GCML will not be responsible for any Short payout of security from Clearing Corporation.

(3) MANAGEMENT OF RISK

We have margin based automated RMS system. Total deposits of the clients are uploaded in the system and client may take exposure on the basis of margin applicable for respective security as per VAR based margining system of the stock exchange and / or margin defined by RMS based on their Risk perception. Client may take benefit of “credit for sale” i.e, benefit of share held as margin by selling the same by selecting delivery option through order entry window on the trading platform, the value of share sold will be added with the value of deposit and on the basis of that client may take fresh exposure.

In case of exposure taken on the basis of shares margin the payment is required to be made before the exchange pay in date otherwise it will be liable to square off after the pay in time or any time due to shortage of margin.

For Example:

Client ABC trade in Capital Market Segment and having: -

Ledger Balance	:	Rs.500000/- Cr.
Stock Before Hair Cut	:	Rs. 250000/-
Stock After Hair Cut	:	Rs. 175000/-
Total Deposit	:	Rs.675000/- Cr.

VAR margin on XYZ Ltd is 20%, ABC can take position in XYZ Ltd upto Rs. 33,75,000/- . Margin on position is Rs.675000/- (3375000 X 20%) and he has to make payment of Rs. 28,75,000/- (exposure less Ledger credit balance) before the T+2 Day.

Further in addition to above as per SEBI circular no. CIR/HO/MRDSD/DOP/CIR/P/2019/75 dated June 20, 2019 related to Handling of Clients' Securities by Trading Members/Clearing Members, following important changes included w.e.f October 01, 2019:

- Securities purchased by client shall be transferred to client's demat account within one working day of the pay-out subject to clear credit balance in clients' trading account (Capital Segment).
- With regard to securities that have not been paid for in full by client (unpaid securities), full/partial securities shall be transferred to a separate client account titled as "*Client Unpaid Securities Account*".
- The securities kept in the "*Client Unpaid Securities Account*" shall be transferred to client's demat account upon fulfilment of funds obligation within five trading days from the pay-out date otherwise the same will be disposed off in the market by Globe. However, Globe may at its sole discretion, transfer all or part of the securities from Pool/Client Unpaid Securities Account to client's demat account even there is a debit balance in client account subject to availability of sufficient collaterals.
- If unpaid securities of the client are disposed off by Globe as per SEBI circular, then the client is not allowed to purchase the same securities on the same day unless the debit balance is cleared by the client.