YSL Risk Management Policy

RISK MANAGEMENT

MARGINS

The client shall pay **upfront** applicable initial margins, exposure margins, mark to market losses, delivery margins, withholding margins, special margins or such other margins as are considered necessary by the stock broker or the Exchange or as may be directed by SEBI from time to time as applicable to the segment(s) in which the client trades. The stock broker is permitted in its sole and absolute discretion to collect additional margins (even though not required by the Exchange, Clearing House/Clearing Corporation or SEBI) and the client shall be obliged to pay such margins within the stipulated time.

LIQUIDATION AND CLOSE OUT OF POSITION

Without prejudice to the stock broker's other rights (including the right to refer a matter to arbitration), the client understands that the stock broker shall be entitled to liquidate/close out all or any of the client's positions for non-payment of margins or other amounts, outstanding debts, etc. and adjust the proceeds of such liquidation/close out, if any, against the client's liabilities/obligations. Any and all losses and financial charges on account of such liquidation/closing-out shall be charged to and borne by the client.

In the event of death or insolvency of the client or his/its otherwise becoming incapable of receiving and paying for or delivering or transferring securities which the client has ordered to be bought or sold, stock broker may close out the transaction of the client and claim losses, if any, against the estate of the client.

The client or his nominees, successors, heirs and assignee shall be entitled to any surplus which may result there from. The client shall note that transfer of funds/securities in favor of a Nominee shall be valid discharge by the stock broker against the legal heir.

Disseminating of the details regarding margin requirements and short fall in margin through an approved mode shall be considered as making a specific margin call to the client. YES Securities (I) Ltd being an online broker disseminates this information online, real-time to all its clients in their individual account. Hence all clients are bound to log in to their trading account and keep themselves updated about their positions and margin requirements made available on real time basis at all points of time.

The client has to maintain adequate margin for the positions taken in any segment at all time. However in case the margin available is lower than the margin required, the client's positions would be liquidated in a manner that the there is no shortfall of margin. At any given point in time clients open positions will be liquidated when the risk trigger hits 75% at any time for any client.

All clients are given a unique login id and password to access their account on the website www.yesinvest.in, or such other URL that may be provided and informed by YSL from time to time, where they are required to login and check the limit statement uploaded therein. It shall solely be the clients' responsibility to ensure that adequate margins are available in the account.

Margin Trading Facility Risk Management

Margin Trading Facility (MTF) is trading with borrowed funds/securities. It is essentially a leveraging metathetic that enables investors to take exposure in the market over and above what is possible with their resources. SEBI has been prescribing eligibility conditions and procedural details for allowing the Margin Trading Facility from time to time.

SEBI vide circular SEBI/MRD/SE/SU/Cir-15/04 dated March 19, 2004, had prescribed a framework for permitting stockbrokers to provide margin trading facilities to their clients. The said framework was revised vide circular SEBI/MRD/SE/SU/Cir-16/04 dated March 31, 2004, and circular MRD/DoP/SE/Cir- 08/2005 dated March 04, 2005.

SEBI received representations from market participants requesting a review of the margin trading framework to enable greater participation. The suggestions received from market participants were examined and deliberated in the Secondary Market Advisory Committee ("SMAC") of SEBI. Based on the deliberations, SEBI has revised the framework for Margin Trading Facility vide circular CIR/MRD/DP/54/2017 dated June 13, 2017.

Eligibility Requirements for Stockbrokers to Provide Margin Trading Facility to Clients

- Only corporate stockbrokers with a net worth of at least Rs.3.00 crore shall be eligible to offer margin trading facilities to their clients.
- The “net worth” for the margin trading facility shall be as specified in SEBI (Stockbrokers and Sub-Brokers) Regulations, 1992.
- The stockbrokers shall submit to the stock exchange a half-yearly certificate, as on 31st March and 30th September of each year, from an auditor confirming the net worth. Such a certificate shall be submitted not later than 30th April and 31st October of every year.

Source of Funds

- To provide the margin trading facility, a stockbroker may use its funds or borrow funds from scheduled commercial banks and/or NBFCs regulated by RBI. A stockbroker shall not be permitted to borrow funds from any other source.

- The stockbroker shall not use the funds of any client for providing the margin trading facility to another client, even if the same is authorized by the first client.

Leverage and Exposure Limits

- At any point in time, the total indebtedness of a stockbroker for margin

  trading shall not exceed 5 times its net worth

- The maximum allowable exposure of the broker towards the margin trading facility shall be within the borrowed funds and 50% of its “net worth”.

- Further, the management shall also specify an internal prudential limit within the overall limit (as stated above) after taking into consideration the owned & borrowed funds available with the Company. The limit can be increased or decreased as per the requirement. This limit shall be notified by the Chief Financial Officer from time to time. Exposure to MTF shall always be within this self-imposed prudential limit.

- While providing the margin trading facility, the broker shall ensure that:

  a) Exposure to any single client at any point in time shall not exceed 10% of the broker’s maximum allowable exposure,

  b) Exposure towards stocks purchased under margin trading facility and collateral kept in the form of stocks are well diversified. Stockbrokers shall have appropriate Board approved policy in this regard.

<u>Securities Eligible for Margin Trading</u>

Equity Shares that are classified as 'Group I security' as per SEBI Master Circular No. SEBI/HO/MRD/DP/CIR/P/2016/135 dated December 16, 2016, shall be eligible for a margin trading facility, however YSIL as per its internal policy shall create a list of applicable MTF scrips, which will be a subset of scrips defined under Group I security,

Exchange Margin Requirement

Initial Margin Requirement for availing MTF Facility	
Group 1 Stocks	VAR + 5 times of applicable ELM

- For the aforesaid purpose, the applicable VaR and ELM shall be as in the cash segment for a particular stock. However, YSIL at its discretion, may decide to add additional margin over and above the exchange-mandated margin requirement for all or any client(s).
- The initial margin payable by the client to the Stockbroker shall be in the form of cash, cash equivalent, or Group I equity shares, with appropriate haircut.

Liquidation of Securities by the Stockbroker in Case of Default by the Client

As per regulatory requirement, YSIL has listed out situations/conditions in which the securities may be liquidated, and such situations/conditions shall be included in the “Rights and Obligations Document”. YSIL shall liquidate the securities if the client fails to meet the margin call to comply with the conditions as mentioned in this circular or specified in the "Rights and Obligations Document" specified by the exchange.

Client Exposures

- The client will be allowed to take exposures in MTF based on his available free margins in stocks as prescribed under MTF from time to time.

- Clients will not be allowed to take exposures beyond the stipulated conditions as laid down by SEBI from time to time.If any exposure is taken by the client against a security that was erstwhile in the Collateral list of the Exchange and was subsequently removed, a sufficient timeline will be provided to the client to replenish his margins or square off his positions failing which the same shall be done by RMS after due intimation to the client

Voluntarily Freeze /Blocking, Unfreeze/ Unblock the online access

This is in line with the SEBI Circular No. SEBI/HO/MIRSD/POD-1/P/CIR/2024/4 dated January 12, 2024, and Exchange Circular No. NSE/INSP/60277 dated January 16, 2024, "Ease of Doing Investments by Investors - Facility of voluntary freezing/ blocking of Trading Accounts by Clients"

To address suspicious activities in client accounts the Company / YSIL is providing a voluntary freezing/blocking the online access to its client account based on their specific request.

Steps to Freeze Account

The Clients can send a voluntary freezing/blocking of the online access request of their account via –

a. Sending an email from its registered email ID to stoptrade@ysil.in with the reason thereto
b. Can call through registered mobile no to our Customer Desk on 22-68841888 on working days *between 9:00 am to 5:00 pm*

Kindly note:

ONLY Upon successful verification, the request will be taken on record and the client account will be freeze in 15 minutes with a confirmation mail on the client's registered email ID and mobile no. "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."

Details of all open positions (if any) along with contract specifications will be communicated to the client within one hour of the freezing/blocking of the trading account.

Impact on Freezing Account

1. Fresh Online order placement, Investment Related Trades, SIP, and IPO applications will not be permitted while the account is in freeze mode
2. All open order(s) will be CANCELLED
3. Online Profile updating or any modifications will be disallowed
4. SIP Orders registered by the client:
   a) **E - SIP registered**: Post processing the freeze request & account status marked as “Freeze”, all the registered SIPs with the future trigger dates will be “Paused”. In case of “Pause” functionality not available then the SIP will be “Cancelled”. On the successful processing of the unfreeze request, the SIP with the status as “Paused” will be “resumed” & with the status as “Cancelled” will be restarted.

   b) **MF – SIP registered** on the Exchange (BSE Star MF): The MF SIP registered on BSE Star MF platform remain to continue as per the client per the SIP schedule, as the same are triggered by the Exchange & the funds are directly debited from the client’s mapped bank account.

Kindly Note:

Freezing/blocking is only for online access to the client’s trading account, and there shall be no restrictions on the Risk Management activities of the Trading Member.

Steps to Unfreeze Account

Re-enabling the client for online access to the trading account: - The Client can send a Re-enabling online access request of their trading account via –

a. Sending an email from its registered email ID to stoptrade@ysil.in to re-enabling their trading account
b. Can call through registered mobile no to our Customer Desk on 22-68841888 on working days *between 9:00 am to 5:00 pm*

Kindly Note: The company / YSIL will re-enable the online access of the client trading account within one day from the date of request received after carrying out necessary due diligence including validating the client request and unfreezing / unblocking the online access of the trading account

Policy on Handling of Good Till Cancelled Orders of the Clients

SEBI vide Circular No. 40/2024, NSE/INSP/62528 dated June 21, 2024), has prescribed framework for Trading Members to provide policy for GTD (Good Till Date)/GTC (Good Till Cancel) and GTT (Good Till Trigger) or any similar kind of trades

Details of GTDt Order and Validity

- GTDt order facility allows users to buy or sell a share, index future & index options at a specified price till a pre-defined validity date.
- In this facility, the user gets to set the order validity date (with a maximum validity of 30 days or expiry of the contract whichever is earlier).
- This order will remain in effect until executed, expired, or cancelled till the validity date or contract expiry date whichever is earlier.
- Users can place orders at a specified price and quantity for stocks, index futures & index options.
- The price range of the GTDt order should be within the limit prescribed by the exchange on the given day.
- GTDt orders will be allowed for Limit condition, Market order will not

be allowed.

- Once the order is placed successfully it will be displayed in the order book
- The user will be able to modify/cancel the GTDt order from the order book as per the user's requirement by selecting the GTDt order which the User has placed.
- The order will be pumped to exchange every day till one of the following events occurs.

    a. Order gets fully executed

    b. Validity of the order expires

    c. Customer cancels order

- Order will be active in the system till the date which user has selected.

- Funds/Securities for the order will be blocked daily till the order is valid/order gets executed.

- During the SOD/GTDt order validation process, system will validate all the order parameters as per the current process.

- In case of corporate action, the order is not changed, modified, or adjusted as per the said corporate action. The order is retained as it was, when the user had placed the order till validity/ contract expiry / executed / cancelled by the user as the case may be

- Corporate actions will be intimated to the clients NOT later than 1 day prior of the EX-Date of the Corporate action

- Intimation to the clients will be done via email and/or SMS

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