

# Risk Management System



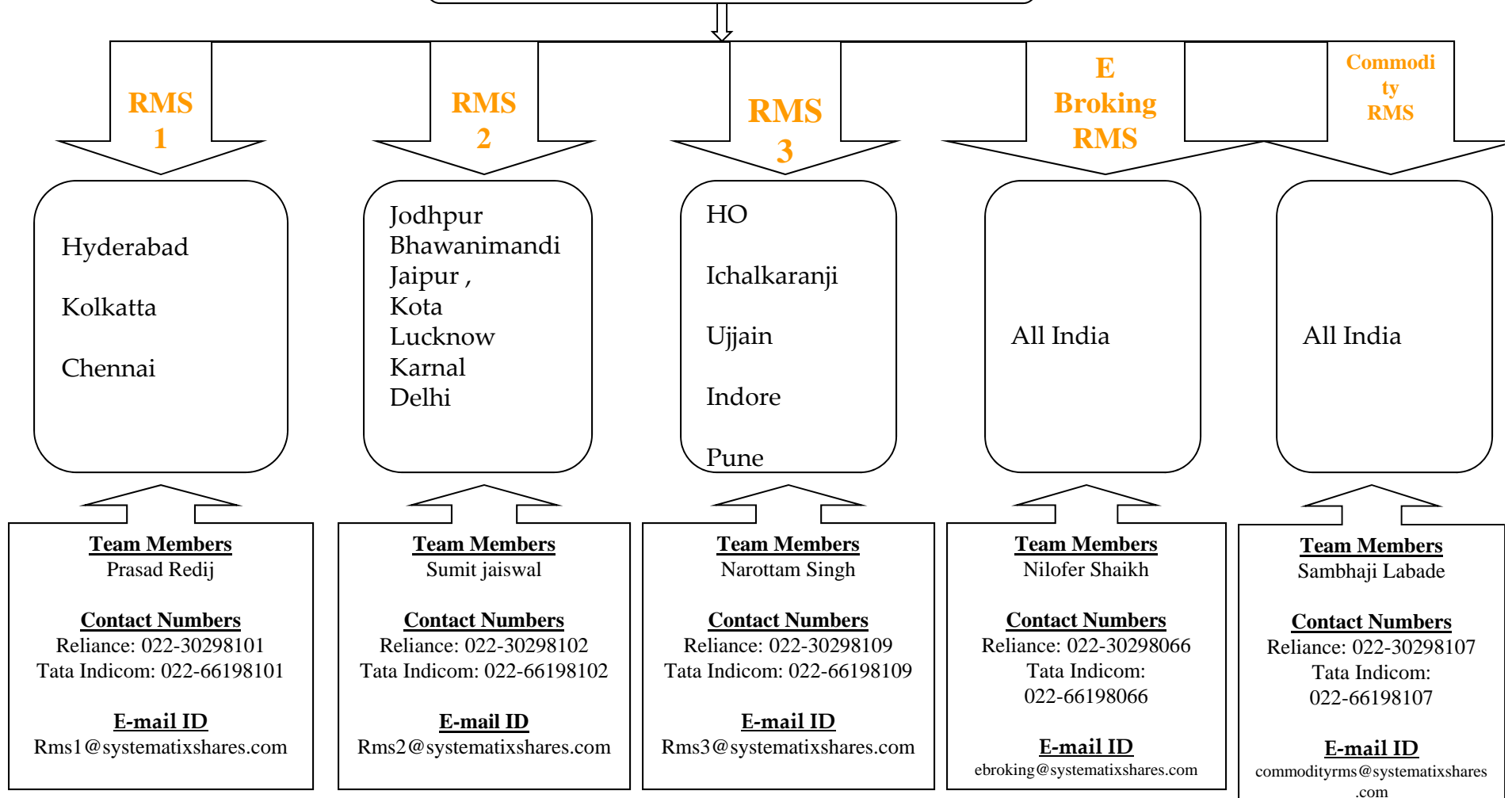
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Investments Re-defined

# RMS Structure



Hitesh Patel – [Hiteshpatel@systematixshares.com](mailto:Hiteshpatel@systematixshares.com) – 022 - 30298104  
Ameya Borkar – [ameya@systematixshares.com](mailto:ameya@systematixshares.com) – 022-30298103

# Cash Limit

## ➤ Fix Rules of Cash limit:

- Debit > 5 Days of amount > 10000 will be blocked.
- Debit > 3 Days of Amount > 2,00,000 will be blocked.

## ➤ Flexible Rules of Cash limit

- Branches Have to Fix Buy Multiplier and Sell multiplier for each Sub broker.
- Branches can fix minimum Buy Limit or minimum Sell limit for particular Sub broker or Branch.
- Branches have to Fix amount of Risk, above which Buying and selling both limits will be blocked.
- Whether to give pool + DP POA holding benefit or Not for calculating Deposit.
- Whether to consider Unclear Cheque or Not for calculating Deposit..
- $\text{Deposit} = \text{BSE Ledger} + \text{NSE Ledger} - \text{unsettled sell holding value} + \text{F\&O Free Bal. ( F\&O Ledger} + \text{Allowed Non Cash} - \text{Total Margin)} + 50\% \text{ of Pool} + \text{DP POA Holdings.}$
- In case Buy limit > 50 lacs by above criteria, it will reduced to 50 lacs or Clear Ledger in Cash segment whichever is higher.
- In case sell limit > 50 lacs by above criteria, it will reduce to higher of 50 lacs or clear ledger in cash market or total holding (excluding DP holding other than BSE 200 stock)

Cash limit = (Total Ledger - F&O Margin Shortfall + 50% Pool Holding - unsettled holdings)  
)\*Multiplier

In case default limit require in Cash segment, Branches has to define amount of default limit require and take previous approval of business heads and mail it to RMS dept.

In no case default limit will be available for F&O segment

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## Limits in T, TS and Z Group of securities

Group wise limit setting in ODIN Terminal						
Exchange	Group	Net Qty. limit	Turnover limit	Single order Qty. limit	Single order Value limit	Blocking at Userwise
BSE	T	25000	5,00,000	25000	5,00,000	For each Dealer (except PURO)
BSE	TS	25000	5,00,000	25000	5,00,000	For each Dealer (except PURO)
BSE	Z	0	0	0	0	For each Dealer (except PURO)

Illiquid Scrips define by Stock Exchange and SEBI from Month to Month will be restricted as per below in ODIN:

Buy Qty 7000

Sell Qty 7000

Subject to max value Rs. 5 lacs Buy or 10 lacs sell

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# Restriction in ODIN Terminal

Scrip Category	Restriction at level	Single Order Qty	Single Order Value	Buy limit (Value)	Sell limit (Value)	Net qty	Turnover Value
T and TS group	ODIN dealer ID	25000	500000	NA	NA	25000	500000
Z group	ODIN dealer ID	0	0	0	0	0	0
Physical Scrip (Having Market lot > 1)	Member	0	0	0	0	0	0
illiquid scrip (as per Exchange)	Member	2500	250000	Equivalent to 7000 Qty or Maximum Rs. 5 Lacs	Equivalent to 7000 Qty or Maximum Rs. 10Lacs	NA	NA

# Limit Setting in F&O Segment

*F&O Limit setting will be on Margin Basis.*

- F&O margin Limit = 1 time of Deposit
- MTM = 60% of Deposit.

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## *Important Points for F&O Segment:*

- 1) Deposit = Ledger Bal.of F&O segment + Cash collateral + Non Cash collateral.
- 2) Margin consumption will be span + exposure calculated by ODIN .
- 3) For Squaring of existing position, no limit require (except in case of Position mismatch in ODIN).
- 4) Non Cash Collaterals = 70% Value of stocks pledged.
- 5) Intra day limit will be provided max 2 to 3 times of deposit and will be based on branches commitment and past record.
- 6) online funds to be transfer or Position to be sq off @70% Mtm loss.

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# ***Limit Setting in Commodity Segment***

*Commodity Limit setting will be on Margin Basis.*

Commodity margin Limit = 1 time of Deposit  
MTM = 50% of Deposit.

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## ***Important Points for Commodity Segment:***

- 1) Deposit = Ledger Bal.(MCX+NCDEX) + Cash collateral + Non Cash collateral.
- 2) Margin consumption will be span + exposure calculated by ODIN .
- 3) For Squaring of existing position, no limit require (except in case of Position mismatch in ODIN).
- 4) Non Cash Collaterals = 70% Value of stocks pledged.
- 5) Intra day limit will be provided max 2 to 3 times of deposit and will be based on branches commitment and past record.
- 6) online funds to be transfer or Position to be sq off @70% Mtm loss.

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# ***T+5 Cash Segment Square off Report***

## ***Ageing T+5***

Branches / Regional office will have to fill actual collection status of the client in these report in Remarks column. Branches are allow to fill remarks only for that day.

## ***Tomorrow Square off T+6 :***

Branches / Regional office will have to fill actual collection status of the client in these report in Remarks column. Branches are allow to fill remarks only for that day. Both above remarks is must to avoid square off.

## ***Today Square T+7 :***

Branches / Regional office does not have any right to fill any remarks on that day these report will get update at 9.40 a.m. (with decision Whether to square off or not)

In case of fail to put remarks above RMS will square off the position of that client without any intimation.

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Hide



You can get Subbroker LoginIds subject to the confirmation of Deposit

RMS

- Limit Request
- Limit Request Status
- Trade Modification Request
- Trade Modification Status
- Important Documents & Circulars
- Reports
- Auto Square Off**

Log Out

Cash Market Auto Square Off

Today's Square Off T+7

These report contains clients having debit > 7 days and position will get square off today itself and client will be blocked for trading from 9.55 a.m. itself for Cash Market.

Tomorrow's Square Off T+6

These report contains clients whose debit is running from 6 days and position will get square off tomorrow.

Ageing T+5

It Contains Clients whose are having debit > 5 days and Position of the same client will get square off on day after tomorrow.

# Trading through ODIN Diet

Model will provide combine limits for Cash + Future and separate limit for Commodity segment and Spot exchange.

Cash limit will be 6 times of Deposit for intraday and 1 time for delivery or Future limit will be 1 times of deposit for intraday and 1 time for carry forward.

(Total Margin = SPAN + Exposure as per calculation of exchange) or

Commodity limit will be 2 time of deposit for intraday or 1 times for carry forward.

Holding benefit will be provided after 50% haircut (only approved Shares)

## *Auto Square off :*

All intraday position of Cash segment will be auto square off at 3.10 p.m. by system it self.

All Future and commodity position will get auto square off at 80% Mtm reach.

No time base auto square off for Future and commodity segment.

## *Surveillance point of View:*

T, TS and Z Groups of BSE will not be available for Trading.

Option Trading will be completely blocked.

No Scrip wise blocking for Group A, B and S group of BSE and EQ and BE Series of NSE due to server load.

Total Turnover for each client for cash segment will be restricted to 3 crore and single order Quantity at 5000 and Single order value at 10,00,000

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# ODIN DIET Limit Setting

Sr. No	Particulars	(Systematix Shares combine and Systematix commodity combine)
1	Limits in BSE Cash + NSE Cash	6 Times intraday ; 1 Times Delivery of Funds available in SSSIL (NSE Cash + BSE Cash + NSE FO + BSE FO)
2	Limits in BSE FO + NSE FO (in term of SPAN + Exposure Margin )	1 Times in NSE FO or BSE FO (intraday or c/f) of Funds available in SSSIL (NSE Cash + BSE Cash + NSE FO + BSE FO)
3	Limits in National Spot exchange (NSEL)	1 Times limit (i.e. 100 % of delivery amount) of funds available in SCSP (MCX + NCDEX + NSEL)
4	Limits in commodity (in term of SPAN + Exposure Margin)	2 Times of Funds available of funds available in SCSP (MCX + NCDEX + NSEL)
5	Holding benefit (Pool + DP + Collateral) of Approved shares after 50% Hair cut	Available only for SSSIL (NSE Cash + BSE Cash + NSE FO + BSE FO)
6	Credit for sale benefit	Available only for SSSIL (NSE Cash + BSE Cash + NSE FO + BSE FO)
7	Timer Auto Square off for BSE Cash & NSE Cash (only for intraday Position)	At 3.10 p.m.
8	Mtm Based (manual Sq off by RMS)	80% of Funds
9	Limits in T, Ts and Z Group stock in BSE	Block
10	Single order Qty limit in Cash market	5000 Qty
11	Single order Value limit in Cash market	10 lacs Value
12	Turnover limit in Cash market	3 Crore Value
Note		
In case Ledger balance in one exchange is credit and in other exchange it is debit, than ( Credit of One exchange will be reduced by (Ledger Debit - 50% of 1holding) of Other Exchange)		

# RMS E-Broking (Fast Trade)

- Only few selected scrips are permitted to trade – Selection of scrips is based on following criteria.

Stock Category	Multiplier	Category	Market Cap.	Value Traded
			In crores	In crore
Nifty 50 Stocks	7 times			
Group A stock	5 times	Alpha		
B + S Group (Market cap > 500 crore)	5 times	Alpha	>500	> 1
B + S Group (Market cap 250 to 500 crore)	3 times	Beta	>250	0.50 to 1
B + S Group (Market cap 100 to 250 crore)	1 times	Gama	> 100	0.10<0.50
B + S Group (Market cap < 100 crore)	Blocked			
T, TS, Z Group	Blocked			
Illiquid Scrips as per Exchange	Blocked			

- RMS will Square off all Intraday Position at 3.10 p.m. or in case Mtm loss reaches to 70% of funds during the day.

# Surveillance Policy

## I) For Position confirmation and Ledger send (F&O, CDS & Commodity Segment)

	One Day Mtm Loss				Regular Loss for 2 to 3 days
Mtm Loss Amount	25k to 50k	50k to 1 lac	1 lac to 5 Lacs	Above Rs. 5 lacs	50k to 1 lac
Direct Franchise Client	Telephonic Confirmation		1) Telephonic Confirmation 2) Write a letter along with Ledger and Contract note via Courier and Email.		1) Telephonic Confirmation 2) Write a letter along with Ledger and Contract note via Courier and Email.
Other Retail Client	-	Telephonic Confirmation	1) Telephonic Confirmation 2) Write a letter along with Ledger and Contract note via Courier and Email.		1) Telephonic Confirmation 2) Write a letter along with Ledger and Contract note via Courier and Email.
PCG Client	-		Write a letter along with Ledger and Contract note via Courier and Email.	1) Write a letter along with Ledger and Contract note via Courier and Email 2) RMS to listen Recording confirmation given by PCG Dealer	-

# Surveillance Policy (Continue...)

## II) Risk Intimation to Director

In case of loss (Pure Risk) greater than 50,000 will be inform to Director on same day, or  
In case of cumulative weekly loss should be brought to notice .

## III) Below positions to be watched closely by RMS.

Top 10 Buy & Sell Side Scrips

Top 10 Buy & Sell Side clients position on Cumulative Side

Highest 10 gainers & losers of Scrips on daily basis

## IV) Letter of Out standing to Client (by E-Mail)

In case of Risk is from more than 7 days a letter for recovery sent to client via E-mail

If amount is not recover within 15 days and doubtful then intimate to compliance and legal dept for taking legal action.

## V ) Abnormal Volume/out of proportion volume-

In case of volume of client is more than 5% of the market twice in a week or more than 10% on a single day should be brought to the notice of Director. Needless to mention here that we are looking for a volume of more than Rs.5,00,000/-.

VI ) **Surveillance Team** will send the list of client to RMS for giving Ledger confirmation or Trade confirmation based on the following criteria.

- Top Trader of a particular Branch or Region in all INDIA.
- Sudden increase in **volume** of a particular client.
- Client who gives exception **brokerage** in all exchange.
- In case of Trading pattern looks **suspicious**

VII ) In case Client not ready to take confirmation RMS will Send contract note and ledger to client.



# Margin Collection policy

- Client will have to pay Span + Exposure margin before executing the trades in F&O and commodity Segment
- Mtm Loss to be paid on T+1 basis in normal case, but in case Mtm loss reach to 70% of funds available with client than Client will have to provide the same on same day or shall reduce the position to avoid action from RMS.
- In case Client failed to provide at least Span margin on same day than client will have to bear penalty on Span shortfall amount as per SEBI Norms. (Span Margin include Option Premium).
- Please note that SSSIL will report only clear funds in clients account to exchange, i.e. Unclear Cheque entered in back office will be excluded for reporting purpose and client will be liable for penalty in case shortfall reported to exchange.

# ***Reports and Follow up Procedure***

- ***Daily Follow up Reports:-***

- ***Back office Reports***

- Out Standing Report
- 5 Days Ageing Report (T+5 Auto Square off)
- Risk Report
- F&O / Commodity Margin Shortfall

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# Sample Reports

## Risk Report

Branch	SubBroker	Client Code	Client Name	Total OutStanding	FA Actual	Non Cash Coll	Holding	% Coverage	Risk Amount 26 Nov
ADYAR	12 ADYAR	N5111	KAMMALAKANAN NANI	-0.07	-0.07	0	0.05	76.74	-0.02
ADYAR	12 ADYAR	S5133	SRIKKANTH	-0.01	-0.01	0	0	0	-0.01
	<b>12 ADYAR Total</b>								<b>-0.03</b>
ADYAR	SVN	Y5201	PARGUNARAJ YAVANA	-0.09	-0.09	0	0.05	61	-0.03
ADYAR	SVN	A5204	ARAVINDAN	-0.02	-0.02	0	0	0	-0.02
	<b>SVN Total</b>								<b>-0.05</b>
<b>ADYAR Total</b>									<b>-0.08</b>

## Fout Report ( Out Standing Report)

Total	FA Actual	NET	Phone	Cash	NonCash	IMMargin	Exp Margin	Final Total	
-79574.95	-79574.95	0		0	1519281.25	-885799	-633482.25	-79574.95	
-212451.45	-212451.45	0		0	3204191.48	-3434240.69	-1222909.25	-1665409.91	
<b>-292026.4</b>	<b>-292026.4</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4723472.73</b>	<b>-4320039.69</b>	<b>-1856391.5</b>	<b>-1744984.86</b>	

# *Reports and Follow up Procedure*

- *Daily Follow up Reports:-*

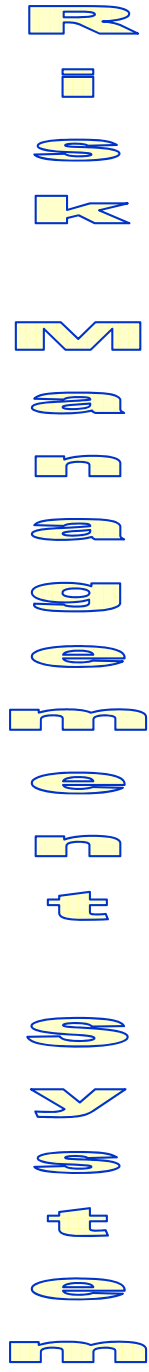
- *Online Risk Management*

- Giving intimation to branches when MTM losses in F&O segment reaches to above 70% of Deposit of client.
- Forcing branches to square off or for fund collection at a time of intimation.
- Squaring off the position from HO in case no fund collection received from clients and MTM reaches above 85 % to 90% of Deposit amount.
- Tracking of on line surveillances for trade occur in illiquid scrips.
- Squaring off the cash market position in case client not make payment in 5 days after date of trading.

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Have a nice day!  
***Thank You***

