

## **RISK MANAGEMENT POLICY** **Of** **PATEL WEALTH ADVISORS PVT LTD**

In order to mitigate the Risk in Securities Business of the Company, the management of the Company is agreed to accept and implement the below mentioned Risk Management Policy. The Policy will help the Member to mitigate the risk, monitor the different margin obligations, and protect the clients. Patel Wealth Advisors Private Limited hereafter in refer as PWAPL.

### ➤ **SETTING UP CLIENT EXPOSURE LIMIT**

Exposure is allowed to the clients depending upon the margin available in form of funds or approved securities values after deducting an appropriate haircut. Clients is liable to pay Applicable initial margins, withholding margin, special margins or such other margin as Are considered necessary by the Exchange. Further PWAPL at its discretion may collect additional margin or may even reduce the margin even though not required by the Exchange. Clients are supposed to maintain sufficient balance with the PWAPL Pre Trade Depending on the channel through which they trade. PWAPL may even levy additional Margin or relax the margins earlier imposed based on factors such as, client's level positions, Volatility in particular stock or the market in general. Exposure allowed to clients may very Depending in the clients past trading performance, quality of collateral market circumstances And dynamics and other such factors.

### ➤ **IMPOSITION OF PENALTY/ DELAYES PAYMENT CHARGES**

1. The client is required to adhere exchange/members' guidelines and due diligence with trading.
2. Clients are required to make
  - a. Securities pay in on T+1 day
  - b. Funds pay in on T+1 day
3. In case of default in security pay in by the client and the shortage is at member level, the member shall Be procuring the defaulting securities/quantities from the market and the value of the security + shortfall in the value of the original transactions, if any, and penalty (decided by the Member from time to time) shall be recovered from the defaulting client. Further the client shall borne all Expenses, cost incurred by PWAPL with respect to default in security pay in. In case of the default of securities pay in by the client and the shortage is from exchange, auction value of the respective exchange plus penalty (decided by the member from time to time) shall be recovered from the Defaulting client.
4. In case of funds default by the client, the member shall be liquidating the stocks to recover the money; any shortfall arising out of liquidating securities by the members shall also be recovered from the defaulting Client along with interest (decided by the member from time to time).
5. In case of debit balance in the client account, the same shall be liable for the delayed payment charges. The calculation of these charges is an automated process.
6. In accordance with the SEBI circular No. CIR/HO/MIRSD/DOP/CIR/P/2019/75 dated June 20, 2019, regarding handling of client's security by Trading Members / Clearing Members, effective from 01 October, 2019 If there is overdue debit balance in clients trading account for more than 5 days from the date of purchase, The securities shall be squared off by Risk management team without any pre confirmation from the client.
7. Similarly, if clients' ledger is credit on settlement day, the securities purchase by clients' shall directly be transfer to his/her/its beneficiary account and PWAPL shall not retain those securities.

8. In accordance with the SEBI circular No. CIR/HO/MIRSD/DOP/CIR/P/2019/75 dated June 20, 2019, in case client fails to pay due on settlement day, PWAPL shall liquidate that/those security/ies and no any trading related benefit will given to client/s.
9. In case client/s wishes to pledge securities as collateral for the purpose trading/transaction, he/she/it needs to made request for such securities under pledge/repledge mechanism and requested security/ies shall be block in client beneficiary account in favor of PWAPL. Also securities purchase by client/s either paid or unpaid, shall be transfer directly to clients' beneficiary account.

➤ **CONDITIONS UNDER WHICH A CLIENT MAY NOT BE ALLOWED TO TAKE FURTHER POSITION OR THE BROKER MAY CLOSE EXISTING POSITION OF A CLIENT:**

1. In the event where overall position in any scrip or derivative contract has reached the Limit prescribed by regulators or exchanges.
2. In case the there is debit balance in client's account.
3. On the basis of risk management system of PWAPL
4. in case there is apprehension that the client is debarred entity by any regulatory authority.
5. In case where Patel Wealth perceives risk with regard to any regulatory action or with regard To delay or non-payment of margin or any other obligations Patel Wealth may block or suspend the trades of such clients.
6. In case where suspicious transactions are observed, including but not limited to off market Transactions.
7. in any other case where the Patel Wealth deems fit according to its internal policy on management.
8. In Case of debit balance:- Client will not be granted further exposure when debit balance arise Out of clients failure to pay the required amount and such debit balances continues beyond the fifth Day ,as reckoned from date of Pay-in.
9. Further, we have change in our RMS policy w.e.f 01 May 2017 to consider client clear ledger balance And stock balance that given as collateral by the way of pledge/repledge mechanism in accordance wih exchange/SEBI circulars and guide lines as elarotate in various circular on time to time and same practice continue onwards.

**1. FACILITY OF VOLUNTARY FREEZING/ BLOCKING THE ONLINE ACCESS OF THE TRADING ACCOUNT TO CLIENTS ON ACCOUNT OF SUSPICIOUS ACTIVITIES**

(As per requirements of SEBI Circular No. SEBI/HO/MIRSD/POD-1/P/CIR/2024/4 dated January 12, 2024)

**) Modes through which a client can request/communicate to the Trading Member:-<sup>1</sup>**

If any suspicious activity is observed in the Trading Account, the client may request us to voluntarily freeze/block the online access of the trading account through any of the following communications to us at the e-mail ID [stoptrade@patelwealth.com](mailto:stoptrade@patelwealth.com) and/or telephone number +91-8469284848:-

- a) Email from registered e-mail ID
- b) SMS / Call from registered mobile number

**) Issuing of acknowledgement to the clients on receipt of message:-<sup>1</sup>**

After validating that request, Member will issue the acknowledgement as well as freeze/block the online access of the client's trading account.

**) Time period within which the request shall be processed and the trading account shall be frozen/blocked:-**

The timelines for freezing/ blocking of the online access of the clients' trading account is as under:

Scenario	Timelines for issuing acknowledgement as well as freezing / blocking of the online access of the trading account.
Request received during the trading hours <sup>1</sup> and within 15 minutes before the start of trading.	Within 15 minutes <sup>2</sup>
Request received after the trading hours and 15 minutes before the start of trading.	Before the start of next trading session

<sup>1</sup> Trading hours shall be as follows:

Capital Market Segment: 9.15 a.m. to 3.30 p.m., Equity Derivatives Segment: 9.15 a.m. to 3.30 p.m., Currency Derivatives Segment: 09.00

a.m. to 05.00 p.m., Commodity Derivatives Segment: 09.00 a.m. to 11:30 p.m.

<sup>2</sup> To begin with, the time limit of 15 minutes is being specified for the purpose of issuing acknowledgement as well as freezing/blocking of the online access of the trading account. This time limit shall be contracted after a review in next six months after the date of its applicability to enhance protection of investors from suspicious activities.

**) Action to be taken by the Trading Member pursuant to the receipt of request for freezing/blocking of the trading account:-<sup>1</sup>**

The Trading Member shall take the following actions on the receipt of request through any modes of communications as provided by the Trading Member for freezing/blocking of the online access of the trading account from the client:

- a. Validate that the request is received from the client as per prescribed mode of communication and issue the acknowledgement as well as freeze/block the online access of the client's trading account and simultaneously

cancel all the pending orders of the said client.

- b. Post freezing/blocking the client's trading account, send a communication on the registered mobile number and registered e-mail ID of the client, 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.
- c. Details of open positions (if any) should also be communicated to the client along with contract expiry information within one hour from the freezing/blocking of the trading account. This will eliminate the risk of unwanted delivery settlement. This time limit shall be contracted after a review in the next six months after the date of its applicability to enhance protection of investors from suspicious activities.

**Process for re-enabling the client for trading/transfers:-**

The Trading Member shall re-enable the online access of trading account after carrying out necessary due diligence including validating the client request and unfreezing / unblocking the online access of the trading account.

**Intimation to be provided by the trading member to the client:-**

Post freezing/blocking the client's trading account, send a communication on the registered mobile number and registered e-mail ID of the client, 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.

***It is also clarified that:***

- a. Freezing/blocking is only for the online access to the client's trading account, and there shall be no restrictions on the Risk Management activities of the Trading Member.
- b. The request for freezing/ blocking does not constitute request for marking client Unique Client Code (UCC) as inactive in the Exchange records.

**The Company reserves right to amend/modify any of the policies/procedures mentioned above from time to time depending upon regulatory, market, external conditions and our internal risk management framework, and the customers can obtain such change/modification from the Company's website.**

**Last reviewed on 02.07.2024**