



# Goldmine Stocks Pvt Ltd

## 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. Our business transactions are at risk from potential threats such as bad intent of our clients, Excess exposures positions, Problem with Payment and Delivery obligations etc.

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 trading using the internet trading platform/trading 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 day and/or per scrip
- 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 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 / NSE / BSE/MCX.
- 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 margin availability.
- Each and every client registered with Goldmine needs to provide initial deposit by way of cheque or electronic transfer and/or securities. On clearance of the cheque/securities in the account of the client, he/she will be able to put buy or sell orders through Goldmine's trading platform. Goldmine may refuse to allow buy/sale order, if client refuse to submit upfront deposit to Goldmine. Goldmine may allow client to purchase shares without initial deposit after considering the type of scrip client intend to buy, market condition and profile of the client at its own discretion.
- In case of Derivatives, It is mandatory for client to provide initial margin, net buy premium, delivery margin, exposure margin and other such margin as may be imposed by the exchanges from time to time on an upfront basis. Client must deposit Mark to market losses (MTM) by T+1 day in case of equity/currency derivative and by T+2 in case of commodity derivatives. In case of margin shortage applicable penalty will be levied to the client as prescribed by the exchange.
- The term 'Exposure' means the extent to which the client's initial deposit can be Utilized for trading activities.
- The exposure limits will be a certain multiple (4-10 times) of the available margin. Such multiplier will be decided by Goldmine from time to time and may vary from client to client considering client's past and current trading history/pattern, type and nature of scrip, background of client, market condition and available margin kept with us by the client.
- While granting the exposure limit, margin in the form of securities will be valued as per the latest available closing price on the exchange after applying appropriate haircut as per the applicable VAR margin.
- In case of client being granted exposure limit as a multiple of available margin/collateral value, same is granted on client undertaking that the position taken for intraday should be 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 shall be cleared/squared off by the RMS dept. manually/automatically at H.O.

- Upon the MTM loss on open position reaching 70% of the available margin (such %age may be curtailed or enhance by Goldmine in its absolute discretion depending upon the prevalent market condition and branch/AP or client), the position shall be cleared either from the respective branch or associates offices concerned/terminals or through RMS dept. manually/automatically at H.O.
- Goldmine may allow Trading 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.
- 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 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. 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 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.

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\\_surv\\_actions.htm](https://www.nseindia.com/invest/content/equities_surv_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)

### **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. Further, for reporting of margin collection from client to the exchange, first preference would be given to NSEFO segment and thereafter NSECD ,MCX and other segments.

**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. If client fails to make the payment in full then Goldmine shall transfer the securities to the "client unpaid securities account (CUSA)". The securities kept in the CUSA shall either be transferred to the demat account of the client upon fulfilment of its funds pay-in obligation or in case the payment is not received from the client it shall be disposed off/liquidated in the market by Goldmine within 5 trading days after the day of pay out without any notice to the client to the extent of debit balance of the client and balance securities, if any shall be transferred to 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.

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% 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 be 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.

### **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

**Note on Authorised Person Limit**

The Authorized Person's limit is normally fixed between 10-40 lakh which can be increased/decreased as per Goldmine's absolute discretion based on prevalent market conditions as well as business conduct or history of such authorized person and available margin deposit of Authorized person.

**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.

**Date: 01.10.2019**