



R.L.P. Securities Private Limited.

Corporate Member – NSE, BSE, MCX, NCDEX. DP - CDSL.
SEBI Regn. NO: INZ000166638. DP : IN-DP-224-2016.



POLICY OF LIMIT SETTING

Objective:

To protect the system from default due to wrong punching of orders or allowing excessive limits to the clients and to have control over the trading activities at Authorised Persons / Branch / Client Levels. To set pre-defined limits for each terminal and monitor the same on a continuous basis.

Background:

Trading Terminals are allotted to Members by the exchanges. These terminals enable members to place, modify and execute orders on behalf of the clients. There may be instances where due to punching error unusual orders may be placed at high prices which might lead to execution of unrealistic orders or orders being executed at unrealistic prices. In cases where the order/price of such orders is high, it might lead to huge losses to broker. In order to avoid such a situation it is imperative that certain limits are prescribed for each terminal allotted to member broker.

To comply with the Exchange circular reference no. NSE/CMTR/20616 dated April 24, 2012, Circular Ref.No.: 79/2012, Dt,October 23, 2012 and Circular 100/2013 Dt.July18, 2013 and other relevant circulars issued by the Exchanges and other Regulators from time to time, regarding placement of orders.

Policy:

This policy covers the procedure and checks in place for allotting limits to each direct and CTCL / IML terminals.

All the orders are placed through CTCL Terminals. Main (NEAT) terminal is placed at Head Office and is used only as a contingent. Limits of terminals will be defined and reassigned on daily basis only after analyzing past trading history and assessment of risk.

The effective Risk to the company is controlled at various levels by using the following parameters:

- Quantity Limit for each order
- Value Limit for each order
- User Value Limit for each User ID
- User quantity Limit for each User ID
- Security wise limit for each User ID
- Max Quantity & Max Value Limit for single order for User ID
- Branch Value Limit for each Branch ID
- Branch Quantity Limit for each Branch ID
- Max Quantity & Max Value Limit for single order for Dealer ID
- Pending order Limit
- Client Value Limit
- Client Quantity limit
- And any other such parameters as may be required from time to time.

The above limits are set up under the guidance of the Compliance Officer, based on our Capital adequacy requirements and risks of the corresponding Clients, User ID, Branch ID, Volatility of the Security and based on market conditions.

As a policy, the Company allows only set limit and does not allow any unlimited limits to any of the Clients Or User IDs.

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Daily record of limits set and re-set are preserved.

The Limits utilization are continuously monitored by a dedicated team of RMS during the day on regular basis, Any request of upward revision in limits by dealer is done based on the requirement and evaluation of necessary risk assessment on daily basis, in consultation with the Compliance Officer.

The Trading Limits to the clients are set based on the financials and Collateral Margin available. Collateral Margins include pledged shares after appropriate haircut, Fixed Deposits, Bank Guarantees etc, as approved and decided by the Exchanges from time to time. The open positions and holdings are updated into the CTCL systems through file formats on daily basis along with the set limits to the clients as per the company policy, which may vary based on the market conditions and client to client. Such Limits are reviewed regularly.

The Compliance of such limit settings will be reported to the Management and the Exchanges on Regular Basis (Quarterly Basis to the Exchange.) by the compliance officer.

The Risk Management team at Corporate Office shall be responsible for maintenance of records as prescribed by regulators and demonstrating the adequacy of system to auditors and exchanges. The process of setting of limits shall be reviewed on a quarterly basis by Chartered Accountant/ Internal auditor and a certificate to the said effect shall be issued by them. The Compliance Officer may review the process on test check basis and based on the report and confirmation of auditors, the Compliance officer shall issue a certificate to the exchange on quarterly basis.

Review Policy:

This policy may be reviewed as and when there are any changes introduced by any statutory authority or as and when it is found necessary to change the policy due to business needs.

The policy may be reviewed by the **Managing Director / Compliance Officer** and place the changes in policy before the Board at the meeting.

Approval Authority:

This policy is as approved by the Board of Directors on **27/08/2021**.