

RISK MANAGEMENT POLICY

INTRODUCTION:

This is a policy document for guiding the operations of the organization. This Document is for internal use and not for circulation.

CLIENT REGISTRATION:

This is first stage of contact with the client. It is very important to take adequate details from the clients to maintain a record of the details of the clients.

1. Company registers client by obtaining the Client Registration Form which is foremost requirement of exchange. In this form the basic details of the clients are obtained i.e.
 - a. Name of client: Which is used to identify the client.
 - b. Residential Address is taken with the address proof which are the documents specified by exchange i.e. Ration Card, Pass Port, Voters ID or Driving License.

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- c. Also taking photo identity proof of Pass Port, Voter Ids, Driving License Copy.
- d. Photograph of client in case of Individual.
- e. For Corporate client Board Resolution, Memorandum of association & article of association of company, Share holding pattern, Details of Authorised Persons and Directors.
- f. Pan card of all Clients.

All these document form part of KYC Norms, which is, will be taken from all the clients

- g. Bank Details of the client along with the proof of the same i.e. Xerox of the bank pass book Or Cancel Cheque with sign the bank so that company can keep track of the third party payment i.e. amount paid through other persons account.
- h. DP accounts details which is to giving & taking delivery of securities. Proof of the DP Account holder name will be taken. This is also for not third party delivery of the security i.e. security of client given to other persons or taking delivery of other persons.

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CLIENT BROKER AGREEMENT:

Client broker agreement is executed at the time of client registration. It is as per the format prescribed by the exchange. This will cover all the responsibilities, Rights & Liabilities of client & member.

RISK DISCLOSURE DOCUMENT:

Trading in securities market involves risks of various nature. Clients need to be educated and informed about the risks involved and the company as a policy will issue the RDD to all its clients and obtain a signature on the copy.

BANK ACCOUNTS:

Client Bank Account will be used only for the purpose of receiving and paying funds from the clients. For the payments of expenses the business account will be used. Fund Transfers between all the bank accounts will be allowed as per requirements.

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RECEIPT FROM & PAYMENTS TO THE CLIENTS:

The cheques from the clients will only be accepted from the accounts for which the client has submitted the proof to the company. In case of any receipt from the accounts for which the proof is not available the same will be demanded from the clients. Third party cheques will only be accepted from the parties related to the clients after taking due authorisation from both the client and the person making payment.

Payments for the payouts will only be made to the clients and not to any third party.

DEMAT ACCOUNTS:

The company will maintain client's securities in a designated account called the Client Beneficiary Account. The securities of the company will be kept in a separate demat account termed as Own Beneficiary Account. The clients and own securities will not be mixed with each other.

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RECEIPT AND DELIVERY OF SHARES:

The shares from the clients will only be accepted from the accounts for which the client has submitted the demat proof to the company. In case of any receipt from the accounts for which the proof is not available the same will be demanded from the clients. Third party delivery will only be accepted from the parties related to the clients after taking due authorisation from both the client and the person making payment.

Delivery for the payouts will only be made to the clients and not to any third party.

CONTRACT NOTES:

Company will issue contract notes to its clients on the next working day from the day of trade takes place.

STATEMENT OF ACCOUNTS:

The statement of accounts will be sent to the clients on a quarterly basis within one month of the end of the relevant quarter, as it will help avoid discrepancies in future.

Strictly for Office Use

EXPOSURE TO THE CLIENTS:

The company will allow exposure to the clients keeping in mind the payment capacity of the client. As all the clients are known to the dealers the dealers will decide whether to allow the exposure and if allowed then to what extent.

In Broader sense company has formulated the following guidelines towards the efficient Risk Management System.

1. Base Minimum Exposure Rs. 5000/- at the time of Opening the Account

2. Exposure Levels allowed for Delivery & Trading =

Delivery = 1:1

Trading / Speculation = 1:5

Exposure level may get change based on the Management Decisions and Market Scenarios.

3. Stock to be considered for Exposure purpose

a. Beneficiary Stock

b. POA Stock

c. Receivable stock : ie. Whose settlement is pending.

4. Squaring of the Transactions : In case of violation of the MTM Loss / Speculation Transactions the admin can square up the positions of the clients.
5. Keep the stock of the client in separate client's beneficiary account, on weekly basis transfer the stock to the individual demat account after considering the status of the client's ledger balance.
6. No Sub Broker/ Branch Managers are allowed to trade in Z Group , whatever trades are required to be done should be carried out at HO Level only, that to with a proper authority only.
7. Most of the clientele business are routed through ODION Terminal only, but wherever TWS has been provided Exposure to them should be provided the same based on the Turnover Basis.
8. On Weekly basis compare the client's scrip wise turnover with the market turnover that to with a criteria of illiquid scrip, wherever a particular suspicious pattern is observed stop doing trades of such clients after providing him an opportunity to present his case. In case if we don't find any major thing in his explanation then provide the client with a warning so that he can be careful in the future.
9. All the dealers should be provided with the list of the Illiquid scrips received by company from the exchanges.

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MARGIN COLLECTION:

In case of Capital Market segment the margin will normally not be levied under normal circumstances but the company may collect the Margins depending on the Market Scenario and Client Profile.

In case of F&O the Company will collect the SPAN margin from the clients and if need be the company may collect additional margins for the safety depending on the Market Scenario and Client Profile.

For Latin Manharlal Securities Pvt. Ltd.

Director