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RMS POLICY

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OBJECTIVE:
This RMS Policy is formulated to establish a comprehensive framework to monitor, evaluate, and control risks associated with client trading activities across Equity, Equity Derivatives, and Commodity segments. The objective is to ensure financial discipline, operational robustness, and regulatory compliance, thereby safeguarding the interests of the brokerage firm (RALLA TRADELINKS LLP), its clients, and stakeholders.

SCOPE:
This policy applies to all trading activities facilitated through the RALLA TRADELINKS LLP platform in:
- Equity Cash and Derivatives (NSE, BSE)
- Commodity Derivatives (MCX, NCDEX)

REGULATORY COMPLIANCE FRAMEWORK:

- SEBI Master Circular for Stock Brokers
- SEBI/HO/MRD2_DCAP/CIR/2021/0568 - Client Collateral Segregation
- SEBI/HO/MIRSD/POD-1/P/CIR/2024/4 - Voluntary Freezing of Online Access
- Exchange Margin Framework Circulars (NCDEX,MCX)
- SEBI Peak Margin Reporting Requirements
- SEBI Guidelines on MTF
- PMLA's AML Norms

CLIENT ONBOARDING & RISK PROFILING:

All clients must undergo a robust due diligence process including:
- Mandatory KYC & IPV: In accordance with SEBI's KRA norms
- Risk Categorization: Low / Medium / High based on trading intent, financial profile, and history
- Inactive Client Handling: Clients with no trades in the last 6 months are classified as 'inactive'. Re-activation involves:
  - o Fresh IPV
  - o Updated KYC validation
  - o Risk profile reassessment

EXPOSURE & POSITION LIMITS:
As per SEBI circular ref. no. SEBI/HO/MRD2_DCAP/CIR/2021/0568 dated July 20, 2021, regarding Segregation and Monitoring of Collateral at the client level, the trading limit will be provided to client once the funds are allocated at the clearing corporation.

1. **Deposit Calculation:**
   Deposit is calculated at customer level after netting off ledger balance in all segments. Margin is calculated as follows:
   Ledger Balance (Dr./Cr.) + Net Value after haircut of holding in margin pledge available with RALLA TRADELINKS LLP.

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2. **Valuation of margin pledge on eligible scrips:**

   Margin pledge valuation is done on previous day's closing price. Net valuation is calculated by applying appropriate haircut based on VAR margin percentage specified by the exchanges or higher internal matrix.

3. **Extreme market conditions:**

   Limits are assigned based on credit in the ledger. In such conditions, clients will be allowed to buy only to the extent of clear ledger credit available.

4. **Scrip-Wise Risk Limits:**

   - Blocked/ Restricted scrip list maintained and reviewed monthly.
   - Illiquid scrips allowed only on special approval based on client undertaking.

5. **Client wise Different Limits:**

   - RALLA TRADELINKS LLP has discretion to change the limits on the basis of risk perception and relevant factors considered relevant (such as broker level/exchange level limit in specific securities or income declaration or volume specific exposures based on surveillance measure).
   - RALLA TRADELINKS LLP shall not be able to inform the client of such variation, reduction or imposition in advance.
   - RALLA TRADELINKS LLP shall not be responsible for client`s inability to execute orders on account of any such variation, reduction or imposition of limits.

MARGIN FRAMEWORK:

Segment	**Margin Components**	**Enforcement Authority**
Equity-Cash	VAR + ELM (100% upfront)	SEBI/Echange
Equity-F&O	SPAN + Exposure + Ad-hoc Margin	Exchange SPAN File
Currency	SPAN + Exposure Margin	NSE/BSE Circular
Commodity	SPAN + Exposure + Special Margin (if any)	NCDEX/MCX

AUTO SQUARE-OFF & POSITION MANAGEMENT:

Trigger Action	RMS Action	Timing /Remarks
Intraday cut-off	Auto Square-off position	15 minutes before market close
Margin Shortfall (Intraday)	RMS-led liquidation	Immediate
Margin Shortfall (T+1)	Mandatory margin funding or square-off	By 9:00am on T+1
Unpaid Securities	Auto Pledge to CUSPA; Liquidated in unpaid	By T+5

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As per SEBI Circular **CIR/HO/MIRSD//DOP/CIR/P/2019/75/ DATED JUNE 20, 2019 & SEBI CIRCULAR NO. SEBI/HO/MIRSD/DOP/CIR/P/2019/95 DATED AUGUST 29, 2019.** the Client having debit balance in excess of 7 days from the trading date shall be automatically be squared off and client must take a note thereof and no separate message or intimation will be provided to the client.
Debit balance should be cleared within T+7 days.

The client needs to clear the debit balance within T+7 days, In absence thereof , the stock will be liquidated to the extent of debit balance.

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UNPAID SECURITIES & CUSPA TREATMENT:

- Securities unpaid by EOD T+1 auto-pledged to 'client unpaid securities pledge account'(CUSPA)
- Partial payments:
- proportionate securities transfer to client demat,
- remaining pledged
- Liquidation window: Max 4 days (T+5)
- Pledging Cap: 150% of security value vs. debit allowed

PHYSICAL SETTLEMENT OF STOCK DERIVATIVES:

- as per SEBI Circular applicable from OCTOBER 2019,Applies to stock F&O positions at expiry.
- Delivery Obligations:
  - Long Futures/In-the-money Calls = Pay full value
  - Short Futures/In-the-money Puts = Deliver securities
- **Funding & Security Availability Mandatory**

PENALTIES AND DEBIT CHARGES:

Event	Penalty Description	Reference
Upfront Margin Shortfall	Exchange penalty passed to client	SEBI/HO/MIRSD/CIR-05/2020
Peak Margin Violation	Charged per snapshot basis.	Peak Margin Circular
Debit Ledger beyond 90 Days	Trading restrictions + Interest (DPC)	Internal RMS Policy
Margin increase in Hedge Position	Leads to deposit higher margin by client	Exchange Margin Files
Dishonour of Cheque	Leads to Delay payment charges	Internal RMS Policy

SYSTEM AND COMMUNICATION INFRASTRUCTURE RISK DISCLOSURE :

RALLA TRADELINKS LLP facilitates trading on recognized stock exchanges through mobile and terminal-based platforms, which operate via leased line and internet-based communication networks. These trading facilities rely on a complex combination of advanced technologies and computer systems for order placement and routing.

However, clients are hereby cautioned that there exists an inherent risk of disruption due to communication failures, system malfunctions, delayed system responses, trading halts, or other unforeseen technical glitches. Such issues may result in the client being temporarily unable to access the trading platform or network. These disruptions, although often transient in nature, may occur beyond the reasonable control of **RALLA TRADELINKS LLP**.

In instances where clients have open positions or pending orders, such technological/system failures may impede the timely execution or processing—whether partial or complete—of buy or sell orders.

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Consequently, this may expose clients to market and settlement risks associated with their trading obligations.

Potential Impact of Technological/System Failures on Clients	
Type of Risk	Description
Revenue Loss	Trading activity may be halted due to system issues, resulting in missed profits.
Opportunity Loss	Clients may be unable to place or modify orders in a timely manner.
Reputational Risk	Recurrent or high-impact failures may impair client confidence.
Financial Risk	Delay in squaring off open/risky positions may result in significant losses.

Clients are advised to remain cognizant of these risks and take appropriate measures, including maintaining adequate margins and monitoring their positions regularly.

RALLA TRADELINKS LLP endeavours to maintain robust system integrity; however, it disclaims liability for losses arising due to circumstances beyond its reasonable control.

Approval Authority:

For Ralla Tradelinks LLP

Puneet Singla **Partner**
(Designated Partner)