

RMS & INTERNAL CONTROL POLICY

The Company has the system to provide limits for trading based on the margin of the client available with the company in the form of funds / securities.

The Details of Intraday Margin Timings are given below:

Equity / CM	Futures & Options	Currency	Commodity
9.15 a.m. to 3.15 p.m.	9.15 a.m. to 3.15 p.m.	9.00 a.m. to 4.45 p.m.	15 Minutes before Market Closing

OBJECTIVE

- The main object of Risk Management & Surveillance is to mitigate the losses / debits of clients and safeguard the organization.
- Exposure Settings for the trading as per SEBI Circular No. SEBI/HO/MRD2/DCAP/CIR/P/2020/127 dated, 20th July 2020 for all the segments.

NSE, BSE EQUITY:

1. Full value of the funds of the clients available with the company is considered for the purpose of opening of the trading limits.
2. For the purpose of opening of trading limits, upto 50% haircut is taken on the scrips available in F & O segment of NSE. Collateral Margin will be applicable for intraday trades of scrips available in F & O segment of NSE to trade in Cash Segment and not for F&O, CD and Delivery Trades of Cash Segment.
3. In cash segment an intra day limit of Upto 5 times from 1.9.2021 onwards (Subject to change depending on the Regulatory instructions) of the margin available is given to the client to trade in Scrips available in EQ. Series only. Square-off of all Intraday Equity / CM and Futures & Options positions if not converted happens at 3.15 p.m. and for Currency & Commodity Derivatives @ 15 Minutes before the Market Closing everyday.
4. In case of delivery transactions, funds is required to be available upfront in the Ledger.

NSE, BSE Equity Futures :

1. Square-off of all Futures position starts at 3.15 p.m. every day for all the orders placed under Intraday option.
2. For holding F & O transaction overnight, exchange stipulated margins are required.

NSE & BSE Currency Future:

1. Square-off of all Currency Futures position starts at 4.45 p.m. every day, for all the orders placed under Intraday Option.
2. For holding Currency Future transaction overnight, exchange stipulated margins are required.

NSE, BSE & MCX Options:

1. Full Funds is required to be available upfront in the Ledger for Options trading.
2. Carried Forward / Overnight position, exchange stipulated margins are required.

Commodity Futures:

1. Square-off of all Commodities position starts 15 minutes before market closing every day for all the orders placed under Intraday Option
2. For holding overnight position, exchange stipulated margins are required.

SPAN Margin:

- Span Margin Report will be uploaded in the company's website before market opens for trading. Span Margin Report will help the clients to take the informed decision for trading.

Client ID Activation & Mapping:

- RMS will activate the New Clients and map the same to concerned Branch or Authorised Person CTCL ID.

Client Margin Shortfall:

- We send Ledger Balance Confirmation to all the clients by SMS after processing the trades from Exchange.
- Clients need to clear the margin shortfalls of the previous trade date if any before 11.00 a.m. on next day. If the Margin shortfall is not cleared within the specified time, Our RMS Team will initiate squaring-off of the client positions after the specified time.
- Cheques of only those Banks, which are registered in our Back Office, will be accepted and no third party payment will be entertained.
- Cheques banked and cheque received after banking hours would be considered for MTM shortfall purposes only if the required scan images are sent to Funds & RMS Department immediately.
- Demand Drafts are not accepted unless accompanied by client letter alongwith Bank Statement for the account debited to issue the instrument.

ONLINE MONITORING / RMS FUNCTIONS: Cash, F&O, Currency & Commodities

- Margin Calls will be sent via SMS on or above MTM loss of 50% onwards for every 10% to the Registered Mobile No. of the client updated in our Master. It is the client responsibility to top up the margin immediately when Margin Calls received by them.
- MTM shortfall needs to be cleared before reaching 80% MTM loss to hold the client positions.
- Our RMS Desk is continuously monitoring all M to M profits / losses of the client and if the losses of the client are 80% or more (inclusive of 0.011% towards approximate value of Brokerage, Statutory Levies & charges etc. for Equity CM & All Future Segment positions & Flat Rs.20/- Per Lot for all Option Segment Positions, as applicable depending on the margin availability), the Fund / Securities of the clients, all the open position/s of the client is/are squared off without intimation to the client after cancelling the pending orders from the system.
- As stated in the above paragraph, Square-off order initiated when the MTM reaches 80% of loss and the order can be matched only on the available price in the market and we can't guarantee the square-off takes place at 80% all the time. The % can vary depending on the matched price of the square off order.

- We will block margin of Rs. 20/- upfront while placing Buying and/or Selling of Options per Lot to avoid ending Negative balance in ledger after the position is taken.
- The client trading will get blocked after Margin Square – off for further trading till fresh funds infused by the client (brought down to less than 80% of MTM) on the T day for trading.

Liquidation for Debits:

In the event of clearing / non-payment of the debit either in full or partial within 5 days from the Payout date, the securities will be liquidated / disposed off to offset the debit as per Compliance requirement. Such liquidation (the shares lying in Client Unpaid Securities account) may be in full or partial to the extent of debit and would be at the discretion of SKY Management. The Client shall not have the right to decide on the timing of liquidation of shares and securities and the shares and securities that needs to be sold or liquidated.

Risk Management Section perform a real time monitoring on the inter and intra day position of the client through ADMIN screen. We will send Margin Calls via SMS to the client for MTM erosion before squaring-off the position/s and it is the clients responsibility to top up the Margin immediately when Margin calls received by them.

Current Market price will be taken for valuing the stocks available while computing for liquidation. Square-off order initiated when the MTM reaches 80% of loss and the order can be matched only on the available price in the market and we can't guarantee the square-off taken place at 80% all the time. The % can vary depending on the matched price of the square off order.

When client pledge securities to the broker as margin, it is to mitigate the risk of settlement default / shortfall by the clients and is in the form of collateral which can be utilised by broker only in the event of default / shortfall by the client.

After such square off of open positions as stated above, if there is a debit balance, the client shall pay the same immediately. If, the client does not clear off the debit balance, SKY Management shall have the right to liquidate the shares and other securities of the client by un-pledging the securities pledged to the extent of the debit balance.

If the liquidation done by the Member against debit, the client will not be provided fresh exposure to buy or intraday trading on the liquidation day. But, the clients will be allowed only for delivery selling for the shares lying in their Ben A/c. or CMPA account after making request with the RMS Team.

Penal Charges for Delayed Payments:

If the payment is not received within the stipulated time, Penal Charges will be levied @ 24% p.a. from T + 2 (Equity CM Segment) onwards to payment realised date. e.g. If a client makes online payment on T + 4, Penal Charges will be charged for 2 days. If a client adjusting the debit by selling shares on T + 4, Penal Charges will be charged from T + 2 to prior date of Payout date of T + 4. Clear balance will be considered for computation of delayed payment charges and not the Ledger balance. The Penal Charges will be levied to the client ledger on weekly basis. Penal Charges will be levied @ 24% p.a. from T + 1 (for All Derivatives Segment).

Secrecy of Maintaining Login Credentials:

Please maintain secrecy of your User Name and Password and never Share your Login Credentials / User Name and Password with anyone. It will lead to un-authorized trades and losses and hence, the Investors are advised not to compromise their login credentials with anyone.

Acceptance of Unique E-Mail ID & Mobile No. from Clients for Trading & DP Accounts:

This has reference to SEBI circular CIR/MIRSD/15/2011 dated August 02, 2011, Exchange circulars NSE/INVG/21841 dated October 4, 2012, NSE/INSP/27339 dated August 12, 2014 and NSE/INSP/27368 dated August 18, 2014 regarding updation of E-mail IDs and mobile numbers of clients. Our Management has decided to implement the acceptance of Unique Contact details such as E-mail ID & Mob.No. from the clients for all their Trading and DP Accounts opening through us.

Position Limits (CLIENT LEVEL)

Exchange has clubbed the open positions to check for position limit violations at client level & any violation will attract penalty provisions as per circular MCX/S&I/331/2016 dated September 29, 2016. In accordance with circular no. MCX/S&I/331/2016 dated September 29, 2016, Exchange has clubbed the client codes with common/same mobile numbers or e-mail ids registered under Trading Member and these clients attract the provisions / patterns such as 'persons acting in concert', through common ownership and / or control structure or same family / group, based on same Email and Contact Details.

If client exceeds the Client Level Position Limit in any commodity of the exchange, client will be informed to comply to Exchange requirements immediately. If Client not complied, Our RMS Team will reduce the position to avoid any disciplinary proceedings by the exchange.

Contract Note & Margin Statements

Contract Notes and margin statements for the transactions executed by the clients are sent to them through e-mail within 24 hours of the trade.

Payout: All payouts will have to be compulsorily placed on the Back office access provided to the clients. All payout requests will be processed electronically and the credit shall come to the client's bank account.

- Withdrawal request placed before 8.30 a.m. in CASH, F&O and CD will be processed on the same day. Requests placed after 8:30 a.m. will be processed on the next working day.
- Withdrawal request placed before 8.30 a.m. in Commodities will be processed on the same day. Requests placed after 8.30 a.m. will be processed on the next working day.
- Withdrawal request placed on Saturday, Sunday and Bank & Settlement Holidays will be processed on the next working day.

Shares Trading under Graded Surveillance Measure (GSM)

In continuation to various surveillance measures already implemented, SEBI and Exchanges, pursuant to discussions in joint surveillance meetings, have decided that along with the aforesaid measures there shall be additional Graded Surveillance Measures on securities which witness an abnormal price rise not commensurate with financial health and fundamentals like Earnings, Book value, Fixed assets, Net-worth, P/E multiple, etc.

Based on a periodic review and in consultation between SEBI, Exchanges and Clearing Corporations, additional surveillance margins shall also be levied as per Circular No. NSCCL/CMPT/38123 Dt.22nd Jun 2018, the Trading Members can collect the requisite margins from their Trading Clients.

In view of the above, the scrips available under GSM in any form will not be available for trading.

Shares Trading Under Additional Surveillance Margin (ASM) :

1. Long term additional surveillance measures (LT-ASM)
2. Short term additional surveillance measures (ST-ASM)

Trading permissible as per Exchange regulations. 100% of the traded value will be required for placing orders i.e. 100% margins will get blocked. No intraday leverage will be available for ASM categorised scrips.

In case, the stock you have pledged is moved under ASM, you will no longer be provided collateral margins for that stock, because, as per ASM 100% margin should be levied. The collateral value (shown on the trading terminals) will be reduced by the value of collateral received against that stock. You can either unpledge the stock or keep the stock pledged without collateral until the stock is moved out of ASM.

Options (MCX) Devolved into Future on Expiry:

- All In the Money Open Option contracts will be devolved into Future Position on the expiry date of the Options Contract.
- Failure to provide / keep the Full Margin for the respective Commodity / All In the Money Stock Future & Options in the trading account can lead to square-off of open positions at the discretion of RMS Team.
- SKY Management may also consider imposing additional margins apart from the ones described above from time to time.

NFO – Physical Settlement Of Stock Options & Stock Futures (In the Money Contracts)

In-the-Money stock option contracts & Stock Future contracts will get resulted into physical settlement / delivery on the expiry day if kept open without closing. We are allowing trading on these contracts till Expiry-4 day (i.e. Fridays of previous week). From Expiry-3, under Carried Forward option, client will be allowed on specific request with RMS Team and the exchange stipulated margins / respective holdings are required to be available with us as per Exchange Circular dated 17th Jan 2020. Clients are allowed to trade under Intraday upto Expiry minus 2 days (Tuesday of the expiry week) to avail the trading opportunity. If the requisite margins are not available for In The Money carried positions, the positions will get squared-off by our RMS Department without intimation. Incase, if the carried forward position ended up as In the Money in the last 5 days of monthly expiry by not supporting the requisite margin, the penalty charged by the exchange will be borne by the client.

Days to Expiry	Delivery Margins
Expiry - 4 EOD	10% of Delivery margins computed
Expiry - 3 EOD	25% of Delivery margins computed
Expiry - 2 EOD	45% of Delivery margins computed
Expiry - 1 EOD	70% of Delivery margins computed

Compulsory Delivery :

Long & Short Position in Compulsory Delivery contracts like Gold, Silver etc., in commodity segment and all Stock Futures & Options contract of In the Money should be closed before the start of Tender Period / expiry date if full margin is not available. Commodities & All In the Money Stock Futures & Options contracts with compulsory delivery will be closed a day before their respective delivery intention period / expiry date of the contract, if the delivery intention request is not received from the client and non availability of full margin in their Trading Account.

Non-Genuine Trades :

- Clients should not trade in illiquid commodities & Securities contracts
- Dealer / RMS team will be monitoring those trades and will square off, if the same is found as non-genuine trades.

Investor Grievances:

The Compliance Officer shall be the designated officer for handling the Investors Grievances and Client Complaints. The email ID you can write to in case you have any grievance is compliance@skycommodities.com. The resolution of the Complaint shall be done at the earliest

IMPORTANT NOTES:

- We are not engaged in the business of Client Funding. Clients are required to have sufficient balance in their accounts to hold / carry forward positions.
- Call & Trade charge is applicable for the positions squared-off due to insufficient margin.
- Option premium received from writing options will not be considered as Cash / Capital.
- Positions which do not have sufficient funds can be cut any time at the discretion of our RMS desk. There will be no margin calls or intimation from our RMS desk.
- Trading in MCX contracts will be banned during tender period.
- Client Open Short in CM Segment not covered due to upward freeze or any other reason including technology failure, client has to absorb the loss.
- Selling shares of scrips bought on the previous day will be at sole risk of the client. If the delivery not received against the purchases, the selling position will go for Auction and the loss should be passed on to the client. Likewise, if the purchase position got squared off credit due to delivery failure, the client selling against this purchase will go for Auction and the loss should be borne by the client.
- Fines levied by the exchange for shortfall on Other Margin/MTM will be payable by the client.
- Payments will only be accepted from the client's registered bank / mapped accounts with us. Cash and Demand Drafts are not accepted.

- We will not allow the clients to trade in any segment on the same day against the sale proceeds (carried forward of Open positions) of Equity / Currency / Commodity Options except on the same Options segment.
- Client can liquidate the Open Long Options at Market Price after their positions got square-off due to Margin Shortfall on/above 80% as system will not allow to keep open pending orders. In case if they wish to place the limit order for their open long options, they can call the RMS Desk (0422-4700800) to place the order.
- The client should not be allowed for trading if RMS action is taken due to margin shortfall and they will not be permitted for trading for the remaining day after squaring off of the open positions. If a client insists for trading by transferring an additional amount, the treatment of the amount will be described below.
- We are not a dealer and not selling any automated software, charts, technical analysis softwares etc., to our clients for placing orders / trading purposes. We neither have arrangements nor tied up with any vendor for selling any kind of automated software, technical analysis softwares etc., to our clients.
- We are neither involved in portfolio type of trading nor promoting any Assured Return Schemes. Clients are advised not to do any such activity with any of our sub brokers / associates / employees. Please be aware of unauthorised website / SMS / Emails / whatsapp / chats etc., for PMS or Assured Returns in our name. If you find any suspicious messages / chats with our name, please report the same to compliance@skycommodities.com or call and inform us 0422-4700800.

The amount transferred during the day / trading hours by the client after the RMS is set (before market / trading opens) will be added to the Margin available with the opening hours of trading and MTM rule will be the same. e.g. If a client has a opening balance of Rs.50,000/-, the square-off / closed out will be taken if MTM loss reaches on or above Rs.40,000/- at the available / ruling price. If a client wishes to trade further by transferring an amount of Rs.40,000/-, the amount will be added to the opening Margin amount of Rs.50,000/- resulted in total margin of Rs.90,000/- & MTM (booked) loss of Rs.40,000/- will be kept separately as the day is not over. In such case, RMS action will be initiated if MTM loss of over and above Rs.72,000/- (80% of 90,000/-). As the client already had a 40,000/- MTM Loss, close out for fresh open positions will be taken if fresh loss of over and above Rs.32,000/- (i.e. Rs. 72,000.00 - Rs.40,000/-).

Disclaimer

SKY Management will have a discretion to alter / change any of the information / parameter defined in the policy on the basis of prevailing market conditions with or without intimation to the clients and can use their discretion to grant any kind of exemption / permission in case they deem fit on case to case basis. We request the clients to read the Policies at regular intervals from our Website Download Page to update themselves with up to date changes.