



RMS Policy - Globe Capital Market Ltd.

Globe Capital Market Limited

RMS Policy



RMS PROCESS

RMS stands for Risk Management System - To manage the risk of the company / client from the volatility of the market.

The following document describes the risk management policy followed by Globe Capital Market Limited (herein after referred to as "Globe"). Please read it carefully as it pertains to your trading activity. The policy is applicable to all the segments of Globe Capital Market Limited.

Definitions

1. RMS (Risk Management System) - This helps Globe to manage the risk of the company and client from the volatility of the market.

2. Cash - This is the clear balance available in the customer's ledger account in our books.

3. Margin - The underlying stake provided by the customer in the form of Cash, FDR, Securities, Commodities, etc. to mitigate market (price) or settlement (auction) risk.

4. Exposure

-The exposure can be in Cash and Derivatives segment (which also includes Commodity & Currency segment). In the cash segment, exposure can be on purchase as well as sell side. On sell side, share delivery obligation to the exchange can be considered as an exposure until actual delivery takes place.

-The exposure can also be to the extent of the derivatives exposure and/ or of securities that are considered for margin purposes.

-In the best interest of the clients, Globe may disallow or cap exposures in certain stocks and/or derivatives contracts time and again.

-RMS approves exposures to clients beyond a stipulated exposure and / or specific exposure to a particular security.

5. Exposure multiplier –

For Cash and derivatives, the exposure is provided based on the margins as specified by regulators from time to time. In addition, Globe may levy additional margin.

Multiples can be defined as the quantum of exposure as defined by the Exchange or Globe that can be made available for a client in the Cash Segment based on margin provided. The multiples can vary depending on the category of Securities/Clients/Products.

6. Stock qualifying for margin in cash segment transactions - Securities in the approved list of Stock Exchange as per Exchanges / SEBI guidelines and Globe.

7. Total Deposit - The overall client deposit available with us in the form of Cash, FDR, Securities, Commodities, etc. only.



Nature of Customers' Transactions

1. Setting up exposure limits

a) Cash Segment

We provide an exposure limit to a client which would be in multiple of the clear ledger balance in the account of the client and pledged value of securities after applicable haircut. The value of the "multiple" will be decided by the company based on market conditions.

Clients can place orders in two products:

- Intraday
- Delivery i.e. CNC (Cash and carry)

If a client wishes to use margin, he/she can place orders with the intraday product code. Once the trade has been filled, only a portion of the full applicable margin will be blocked as per margin requirements for the stock as per applicable margin of the exchange and margins decided by Globe to secure the interest of client and Globe. Globe will square off all open positions under the intraday product type anytime during the last 30 minutes of normal market closure timing.

If a client wishes to hold a stock overnight or doesn't want GLOBE to square off, he/she can place orders using the Delivery / Carry forward product code. The full amount of margin is applicable at the time of order as per applicable margin of the exchange and margins decided by Globe from time to time to secure the interest of client and Globe and GLOBE won't square the position off till the applicable margin is not exhausted.

b) Derivatives Segment (Equity, Currency and Commodities)

Exposure limits for each client is based on the amount of margin money deposited by each client, as per Exchange regulations. Upfront margin is to be collected from the client.

Clients can place orders in two products in the F&O segment:

- Intraday
- Carry Forward

If a client wishes to use intraday, he/she can place orders with the intraday product code. Under intraday, the client will be required to pay margin as per applicable margin of the exchange and margins decided by Globe from time to time to secure the interest of client and Globe. In futures, both buying and selling would be allowed whereas in options short selling will be allowed in intraday product code and options buying will be allowed subject to availability of liquidity. Once the trade has been executed partially or fully, only a portion of the full applicable margin will be blocked as per applicable margin of the exchange and margins decided by Globe from time to time to secure the interest of client and Globe for the stock till the position is held. Globe shall endeavor to square off all open positions under the intraday code on best effort basis, anytime during the last 15 minutes of exchange continuous trading time. However, clients are also advised to monitor their open intraday position and take suitable action within appropriate time.

If a client wishes to hold his F&O positions futures products overnight, he/she needs to place the order under the Carry forward / NRML product code. This will require 100% of the applicable span and exposure margin as per applicable margin of the exchange and margins decided by Globe from time to time to secure the interest of client and Globe.



For buying options, the full premium margin amount is required. For selling options, the applicable span and exposure margin is required as per the relevant product code as per applicable margin of the exchange and margins decided by Globe from time to time to secure the interest of client and Globe.

2. Policy for penny stocks

Stocks which appear in the list of illiquid securities issued by the Exchanges from time to time i.e. every Quarter will be considered as penny stocks. These stocks are generally considered to be highly speculative and high risk because of their lack of liquidity, large bid-ask spreads, small capitalization and limited following and disclosure. Depending on the market condition and as per discretion of RMS department to secure the interest of client and Globe, Globe reserves the right to refuse to allow trading and/or provide limits on penny stocks.

3. Delivery Trades

The net purchase or sale of scrip in a client account that is settled by way of a delivery on T+1 (or as per settlement schedule). Delivery in respect of sale transactions in the cash segment must be settled by the client by tendering securities in Demat form before the pay-in deadline of clearing corporation. By not doing so, the client may face the risk of entering in auction.

4. Sell against buying stocks

Clients are cautioned to wait until stocks they have purchased have been delivered before selling them.

5. Sale Proceed for fresh positions

As per Exchange guidelines, Globe shall not allow credit for sale benefit or the sale proceed for buying the shares / taking fresh positions till the completion of early –pay-in of the sale transaction.

6. Trading in newly listed shares, illiquid securities and illiquid F&O contracts

Newly listed securities, illiquid securities and Trade-to-Trade securities which have high VaR margin are subject to high market risks and rate fluctuations. Illiquid securities and Trade-to-Trade securities will have a daily price range (DPR) whereby the chances that these shares can reach the upper DPR or Lower DPR during a trading day are higher than other securities. Hence, the dealing in these securities will be subject to permission from the surveillance department and available credit balance.

In case of Derivative contracts which are Illiquid, dealing would be restricted and would be subjected to permission from the Risk and Surveillance department.

7. Policy for GSM (Graded Surveillance Measures) Securities

In GSM securities, the Company would be blocking the scrip under GSM from grade II - grade VI. Exchanges has vide their respective circulars have provided for guidelines on GSM securities. In case of explanation required, the client can refer to the same.

In case of newly listed shares, initially they do not have a DPR till the cut-off price determined and hence, the chances for rate fluctuations are higher. Hence, the dealing in newly listed shares will be restricted to the available credit balance after considering the Mark-to-Market (Mark-to- Market) levels.



8. Margin Exceptions

Margin may be reduce / increase on certain days due to any of the following reasons:

- a) Exchange policy changes or regulation
- b) Government policy changes or regulation
- c) Broker policy changes
- d) Excessive or abnormal market movement / turnover / volatility

Globe shall not be liable for any loss arise due to RMS selling on non-payment as well as loss in case where RMS selling could not be done as mentioned above by RMS due to any reason.

Globe reserves the right to change the above policies any time in general or in particular case within the Exchange regulations / SEBI regulations / guidelines and circulars.

9. Risk Management (Online Surveillance)

Globe utilizes a margin based automated RMS. Total deposits of the clients are uploaded in the system and the client may take exposure on the basis of margin applicable for the respective security as per the VaR based margining system of the Stock Exchange and/or margin defined by the RMS team based on their own risk perception.

In case the exposure taken on the basis of shares margin, the payment is required to be made before the Exchange pay in date. Otherwise it will be liable to square off after the pay in time or any time due to shortage of margin.

Note:- We shall preferably consider NSE VAR file, If scrip is not available in NSE VAR file, other exchange VAR file shall be considered. We may levy VAR higher than the exchange VAR in accordance with our risk management system.

10. Stock Derivatives Expiry

Clients are advised to be cautious while placing the fresh orders for buying Stocks options on day of expiration as it may lead to levy of higher margin due to delivery obligation. On the expiration day intraday product type remains disabled being a measure of risk reduction due to physical delivery settlement of stocks in Derivative segment.

The above system changes is for the benefit of the client and GLOBE is not responsible in any case.

11. Networth / Income of Client

Any big value transactions are checked for whether the client is trading beyond ones' known income / Networth (i.e. in-come declared in the client's KYC document).

12. Margins

-For availing/maintaining exposure, client needs to have sufficient margins at all point in times. Margins can be in the form of funds or approved securities or any other form of margin as acceptable by Globe after applying appropriate haircuts. Globe reserves the right to change the approved securities list/quantum of haircut to be applied at its sole discretion. Clients need to maintain appropriate margins accordingly.

-To provide collateral in the form of securities as margin, clients are required to pledge securities in favor of Globe. Globe may re-pledge the same to the Clearing Corporation.



13. Maintenance of margins:

Clients must verify and understand their exposure/debit outstanding at all times and shall maintain sufficient margin in their accounts. While a prior intimation (on best effort basis), with regards to margin short-fall shall be provided to the clients, Globe also reserves its right to liquidate the open positions/collaterals to top up margins in extreme cases like insufficient margin balance, increased margin requirements/change in haircuts for specific securities/clearing the outstanding dues due to volatility or sudden change in market prices with immediate effect without providing prior notice.

Client shall be required to maintain sufficient balance in the trading account to take delivery of the shares, failing which Globe may square-off positions.

Intraday square-off timings for any product(s) opted for may be changed without prior notice based on the discretion of our risk management department. Globe will auto-square off all intraday positions in case the client doesn't square-off during the stipulated time. In such a scenario, the client shall not have any right or say to decide on the timing of closure of the open positions that needs to be closed and/or liquidation of shares, securities and commodities held in collateral/margin. Consequently, Globe shall not be responsible for any trade related loss or damages arising out of such square-offs. All such square-off transactions shall have implied consent and authorization of the client in favor of Globe.

Exposure / limits shall be based on the margin provided by the client depending upon the segment / product in which client wants to trade. However, exposure / limits are dynamic in nature, subject to market conditions and at sole discretion of Globe.

Derivatives trading involves daily settlement of all positions including realized/unrealized loss on open positions and premium on options and any margins as required by the Exchanges and/or by Globe.

In case of futures segment, all open positions are marked-to-market based on the closing level of the index/derivative contract. If the contract has moved against the client, then the client will be required to deposit the amount of loss (notional) resulting from such movement. Such amount will have to be paid within a stipulated time frame so as to ensure appropriate margins are maintained at all points in time.

In case of in-the-money long stock options (including potential in-the-money options), sufficient delivery margin needs to be maintained as regulated by exchange, failing which Globe reserves its right to liquidate the open position/collaterals to top up margins.

Positions that do not have sufficient funds/margins can be liquidated any time at the sole discretion of Globe. While Globe shall endeavor to provide a prior notice to clients before liquidating their securities/commodities, Globe also reserves the right to liquidate securities/commodities without any prior intimation in certain extreme scenarios like during times of extreme volatility, or any other situation on the discretion of Globe if the loss could be more than the funds/margins available in the client's account before the position is squared-off.

All resulting charges or debits that might occur from such square-offs will have to be borne by the client. Fines levied by the exchange for short margin or any other reason will be payable by the client.

14. Penalty for short/non-collection of upfront margins

In case penalties are levied by exchanges due to short/non-collection of upfront margins, the same shall be passed on to clients under the following circumstances:

- i. Cheque issued by client to Globe is dishonored and
- ii. Increase in margins on account of change in hedge position by client/hedge break/expiry of some leg(s) of the hedge positions of the clients/loss of cross margin benefits like square off by the clients / expiry of position(s) some leg(s) of the hedge positions of the clients, which leads to higher margin obligations on the open positions.

15. Margin Rules & Squaring-Off Guidelines for Expiry Week (Stock Options) regarding physical delivery settlement during the last five trading days before expiration-:

1. An incremental delivery margin may be levied on all In-the-Money (ITM) Long Option positions during the last 5 trading days leading up to expiry.
2. Margin will also be levied on Out-of-the-Money (OTM) long option positions calculated on contracts which are within 5% of the current underlying price (based on the prevailing LTP). This may be levied only on expiry day.
3. Clients who do not wish to give or take physical delivery must square off or roll over their ITM (In-the-Money) and CTM (Close-to-the-Money) positions before 12:00 PM on the Expiry Day. Failure to do so may result in compulsory physical delivery and applicable margin penalties.

Note-: Intraday product type will not be available for creating new positions on the expiry day.

16. Security Order Quantity & Value limits Single Order and Overall

In accordance to the regulatory guidelines and / or Globe may place checks at single order quantity level, order value level and overall security quantity / value level, individually or combination thereof as may be applicable.

17. Securities in Ban Period in F&O segment

In compliance of rules laid down by Exchange for Securities in Ban Period in F&O segment, if a client creates position in securities which are in ban period, penalty shall be levied for the same. The list of securities in ban period is updated on NSE website on daily basis.

18. Clearing of Outstanding Ledger Balances:

Clients are expected to pay any debit balance outstanding in their ledger promptly. In case of non-payment, Globe may not grant them further exposure and also may liquidate the securities, which are pledged in favour of Globe, as per Exchange provisions, to recover such dues.

In case client's securities received as pay-out from the CC, transferred to clients and pledged in favour of Globe, due to non-payment to Globe in full, Globe reserves the right to liquidate these securities based on various parameters including but not limited to liquidity, volatility or any single stock or set of stocks that has value close to the amount outstanding or based on any corporate action that is getting triggered in the stocks held or events that could trigger price fluctuations in any particular sector or a security.

Globe may at its sole discretion determine the time of sale and securities to be disposed of and/or which open position is/are to be liquidated/closed.

19. Large Debits with Single Scrip Concentration

For any client, if the outstanding debit exceeds a certain amount and concentration is in a particular security on account of buying done / collateral provided, Globe may restrict the client from further buying or trading in that security. The client will be allowed to place only sell orders to reduce the debit.

Globe will take discretionary decision to allow the client to trade if he brings in fresh funds to clear the debit or brings in different security as collaterals other than security which forms the significant concentration. The client's position may be squared off if necessary to reduce the debit.

20. Margin Trading Facility

Clients availing Margin Trading Facility, should maintain margins as per Globe valuation or as per Exchange's Margin Trading circular (MTF circular) whichever is higher and other terms agreed upon for availing such facility.



Margin call/liquidation under margin trading facility may be initiated in case margins are not maintained as per Globe Policy or as per Exchange Margin Trading Circular, whichever is higher

Exposure towards stocks purchased under Margin Trading Facility and collateral kept in the forms of stocks shall be well diversified on account of script wise exposure and maximum client wise limit as set by Globe from time to time.

Globe at its sole discretion reserves the right to withdraw the facility and ask for payments from the client or ask for higher margins depending on the extreme situations.

Globe may conduct credit appraisal for clients availing Margin Trading Facility beyond a certain exposure. The credit appraisal is conducted to gauge the credibility of the client, his sources of income, age, experience, repayment capacity, nature of employment and other assets are taken into account.

Stocks which are funded under Margin Trading facility shall be held by Globe by way of pledge in 'Client Securities under Margin Funding account' from the BO account of the respective client. If such stocks are not pledged by client as above by 1.30 PM on next trading day, Globe shall reserves the right to take appropriate action in this regard, which includes liquidating all the client positions. Any loss originated due to such liquidation shall be borne by client.

Clients availing Margin Trading Facility shall require to clear the outstanding debit balance at least once in 90 Days from the date of creation of debit in MTF books, failing which Globe reserve the rights to sell the MTF funded stocks and Globe shall not be responsible for any loss arising out of such liquidation.

Position in MTF and Non-MTF both involving same scrip:

In case, client has taken position in MTF (Margin Trading Facility) and Non-MTF involving same scrip, trades will be classified as under:

A. Opposite trades with same quantity in MTF and Non-MTF:

This will be considered an intraday or jobbing transaction. Since the same quantity of the same scrip is bought and sold across the two different products, it will be treated as an intraday trade or jobbing and all trades will be processed in Non-MTF segment.

B. Opposite trades with different quantities in MTF and Non-MTF:

Intraday or jobbing with different quantity: The smaller of the two quantities (buy or sell) will be treated as an intraday transaction. However, all the trades (MTF/Non-MTF) will be processed in the segment having higher quantity.

Note:- If there are multiple buy and sell in the same scrip in MTF/Non-MTF, the trades will be first netted in the same product.

21. Cash and Non-Cash Component

Clients are advised to maintain 50% Cash and cash equivalent component in their portfolio to fulfil the margin requirement as per Exchange guidelines. However, system will provide limit in accordance with the availability of total margin in client's account. Should there be any shortfall in meeting cash and cash equivalents component of margin as per Exchange guidelines, client shall be liable to charges for the same.

Exchange allows margin utilization upto the 90% of the total available margin in client account subject to the condition of 50% Cash and cash equivalent component. If client uses margin beyond 90% of their available margin, client shall be liable to pay charges for the same.



22. Payout

If client requests pay out of funds from its available balance in ledger account, Globe may retain additional margin in addition to the Exchange applicable margin on clients open positions and may also retain surplus funds for pay in purposes.

23. Suspension or closure of client account

On the request of the Client in writing, the client account can be suspended temporarily and/ or closed. In the event if the account is temporarily suspended, the same can be activated on the written request of the client only, Globe may do so subject to Client accepting /adhering to conditions imposed by Globe including but not limited to settlement of account / release of holds and / or other obligation.

Globe can withhold the payouts of Client and suspend his/her trading account due to his/her surveillance action or judicial or / and regulatory order/action requiring Client suspension.

24. Pay in of funds:

Clients can transfer funds into the Trading Account only from such bank accounts, which are registered with Globe. Any transfer from a non-registered bank account shall not be considered and the client shall not get credit for such transfers.

Globe shall endeavor to account for all payments made by the client before liquidating clients' open positions/collaterals. However, it may be possible that due to volatility or sudden change in market prices, Globe may not be able to account for all such payments made by the client on a real time basis.

25. Pay in of Shares:

Clients need to settle their pay-in obligation only through their registered Demat account with Globe. However, if a client settles his pay-in obligation through a non-registered Demat account then pay-out of funds for such shares may be kept on hold until client provides relevant documents for such unregistered accounts.

26. Exchange Trade Alerts

For each of the transactional alerts received from the Exchanges, appropriate analysis, monitoring and reporting is done as the process and guidelines defined by the Exchange.

27. Reporting to the Exchange(s)

In case the client is found indulging in suspicious activities, Globe shall have the complete right to report such transactions to the Exchange(s) or other Regulatory Authorities. Globe is not responsible for any loss incurred by the client if he/she is found guilty of unethical practices. Globe will share all the required information to the regulator, exchange, or any other recognized regulatory body when a Client specific details is asked for. Globe reserves the right to inform the Client based on the directions received by the aforesaid regulatory body.

Disclaimer: Globe reserves right to edit, alter and or remove any information in whole or in part of the above policy. Clients are requested to refer any changes done in the policy from time to time.