

MARKET PULSE SECURITIES PVT. LTD.

RISK MANAGEMENT POLICY

Version	1.0
Prepared by	Compliance team of MPSPL
Approved by	Board of Directors of MPSPL

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Introduction

The following document describes the Risk Management Policy followed by M/s. Market Pulse Securities Pvt. Ltd. (MPSPL) Please read it carefully as it pertains to your trading activity. The term "We", "Us", "Our" and "Team MPSPL" shall mean M/s. Market Pulse Securities Pvt. Ltd.

For the purpose of these Policies & Procedures, wherever the context so mentions "Client", "You", "Your" or "User", it shall mean any natural or legal person who has agreed to open an account or initiate the process of opening an account with MPSPL by providing their information while registering on the platform as a User. MPSPL allows any person to surf the website without registering on the website.

Funds

Payin of funds:

Payin (Funding of Trading Account): Clients are allowed to transfer funds in their Trading Account only from bank accounts which are registered with MPSPL. Any transfer from a non-registered bank account will not be considered and trading limits will not be given to clients against such credit. In case the client wants to transfer the fund from a Bank account other than registered bank account, then client has to 1st add / register a new Bank account with MPSPL, upon successful verification client will be allowed to transfer the fund from newly added bank account.

Client has the facility to make Payin using the following mechanism. Transaction charges as applicable would be charged to the client and the ledger would be debited based on the selected mode of payment.

1. **Instant payment gateway mode:** Client can transfer the fund using Instant payment gateway facility. Upon successful verification of the transaction, limits will be assigned to the client. Available modes of payment through the instant payment gateway are UPI and NEFT.
2. **Other than Instant payment gateway mode:** Clients are advised to transfer funds using the payment gateway option provided on the mobile app of MPSPL i.e. Sniper. Credit for funds transferred by the client directly through Bank / UPI (i.e., not using the mobile app) will be provided only upon receipt and identification of the client, this process will be on best effort basis and may take time. Risk of square off due margin shortfall or MTM shortfall during this time will be borne by the client.
 - a. **NEFT using online transfer:** Clients can choose to transfer the funds using NEFT facility. While doing said transfer Client must mention their Trading ID in narration.
 - b. **UPI:** Clients can choose to transfer the funds through UPI as per the limit specified by UPI rules and regulation.

Payout of funds:

All payout requests will have to be compulsorily placed on the mobile app by the clients. All payout requests will be processed electronically and the client's primary bank account shall be credited within 24 hours of having processed the payout request.

Withdrawal requests placed on or before 11:30 PM on working days will be credited within the next one bank working day. Withdrawal request placed after 11:30 PM, will be processed

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within the next two bank working days and the Client will receive the funds in 48 hours.

All payout requests received on non-working days which includes Saturday, Sunday & Public Holidays, would be processed on the next bank working day. Further, any payout request received after the cut-off time of 11.30 PM on Friday, the same shall be processed on Monday or the next bank working day.

Margins and Exposure to the client:

Client Funding

Clients are required to fund their trading account with sufficient balance in order to get trading margin and / or to hold/carry forward positions. MPSPL does not engage in the business of Client Funding.

Exposure limits

Products available for trading:

Following are the products and order types that are offered by the MPSPL

Instrument	Product	Order Types			
		Market	Limit	SLM	SL - Limit
Futures	Normal	Permitted	Permitted.	Permitted	Permitted
	Intraday	Permitted	Permitted	Permitted	Permitted
Options	Normal	Not permitted	Permitted	Not permitted	Permitted
	Intraday	Not permitted			

Note:

There will be restrictions, as provided below.

- a. Illiquid securities / contracts:
 - i. Any contracts with open interest less than 50 contracts as at the start of the day
 - ii. Far Month Futures (Near and Next month allowed)
 - iii. Option Contract (Only Near Month allowed) For Near month options –Contracts with underlying other than crude oil or Gold will be blocked

Square off and Product specific points

- a. Auto Square off
 - i. Cover Order (CO)/ Intraday trades: MPSPL will initiate the auto-square off of clients position under the CO and Intraday trades 30 Minutes prior to closing time of trading session for that commodity. Clients will be allowed to convert MIS positions to NRML prior to initiation of auto square off and subject to availability of sufficient margins at the time of conversion.
 - ii. Tender Period: Clients are advised to square off the positions at least 2 days prior to the contract entering into the tender period. MPSPL will initiate auto square off 1 day prior to contract entering into the tender period and positions will be squared off considering the liquidity in the contract on that day. As a guidance MPSPL will initiate square off for:
 - a. Agri commodities: At 12:00 PM
 - b. Non Agri commodities: At 05:00 PM

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- b. Margin Shortfall
 - i. For calculating shortfall, all types of margins levied by exchange / broker would be considered
 - ii. Clients should replenish the shortfall in margins due to MTM before the beginning of the trading hours on the next trading day. MPSPL collects upfront margins as prescribed by the exchanges, any penalty due to shortfall that arises due to subsequent increase in margins or due to MTM will be borne and debited to the client. Position would be reduced by MPSPL if the client does not replenish the shortfall by the prescribed time.
 - iii. Positions would be reduced till Margins on open position is within credit available with the client.
- c. MTM square off: Generally client is provided time upto beginning of the trading hours on the next trading day to replenish the shortfall due to MTM. However, in case where MTM suffered by the client is high compared to the credit available in the ledger, MPSPL may choose to square off the positions on the best effort basis to reduce the risk of further MTM.
 - i. Position will be reduced by MPSPL once MTM on open positions cross 70% of available margins. Calculations for MTM square off will be at combined level. Variables / calculations in the process are defined below:
 - a. Calculation of available margin: Client ledger + Funds transferred during the day – Net options purchased during the day – Margin used for open order / positions under CO product
 - b. Calculation of Mark to Market: Below values would be considered for calculation of MTM.
 - i. Futures position: Realised + unrealised Profit and Loss in NRML and MIS product
 - ii. Options Buy: Any profit / Loss for Options buy positions will not be considered for the purpose of calculation of MTM as upfront premium is collected from the client at the time of order placement.
 - iii. Options Sell: Premium required to buy back the options will be considered for calculations.
 - ii. Positions to square off: Below positions would be squared off:
 - a. Futures Positions:
 - i. NRML / MIS product: Cancel all pending orders and square off all positions in Commodities
 - ii. Cover order: Cover order positions will not be considered under MTM square off.
 - b. Options Buy: Options buy position will not be considered under MTM square off
 - c. Options Sell: Cancel all pending orders and square off all positions in commodities

Note:

1. Treatment of client post square off: Client will be prohibited from further trading on that day on any leveraged product. (i.e., clients will be allowed to only buy options under NRML).
2. All open positions as mentioned above will be compulsorily square off on occurring of these events.
3. Intraday square off timings can change based on the discretion of our risk management

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department.

- If any intraday position is not squared off on the same day due to any link or system failure or any risks associated with internet/wireless based trading which may occur at the end of the Client, MPSPL or the respective Exchange, it shall be treated as a Cash and Carry ("CNC") or NRML position and carried forward to the next trading day. In case of such a situation arising, the onus of squaring off the position will be on the Client. MPSPL shall square off any such position, without the requirement of a margin call, if the necessary balance is not available in the Client's account.

Exposure Mechanism

Exposure will be provided to the client only against clear balance available in the client's ledger.

Upfront margin is collected by MPSPL, clients will have to maintain sufficient balance before placing an order.

If a client wishes to hold a position overnight or doesn't want MPSPL to square off, they can convert their Intraday trade into Normal trade subject to availability sufficient margin in their account.

Following are the mechanism to provide exposure / margin to client on clear balance:

Exchange	Product	Margin charged	Multiplier	Acceptable forms of Collateral
MCX	Futures Normal	Initial Margin + ELM + Other Margins as applicable for respective contracts	1	Cash
	Futures Intraday		1	
	Futures Cover order		1	
	Options Normal	Buy: Options Premium Sell: Initial Margin + ELM + Other Margins as applicable for respective contracts	1	Cash

Note:

MTM Profit (Realised / Unrealised) – Credit will be available towards margin on next trading day.

MTM Loss (Realised / Unrealised) – Net MTM Loss will be reduced from available margin on a real time basis.

Credit of Options sold today – Premium credit for options sold will be available only for buying options on that day. However, it will be considered as clear credit on the next trading day.

Controls related to Tender Period / Exercise of positions / Delivery on expiry

MPSPL does not allow clients to take delivery of commodities. Mentioned below are the controls / monitoring put in place to avoid the risk of delivery for any open positions in commodities that allow physical delivery.

Futures:

- ♦ Intimation to client: Notification reminding client to square off open positions 2 days prior to contract moving in tender period.

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- ◆ Square off: Cancel open orders and square off open positions one day prior to tender period
- ◆ Further trading: Further trading in contracts would be restricted from 1 day prior to the tender period.

Options:

- ◆ Devolvement Margins: Devolvement margin would be levied on open positions based on exchange files 2 days prior to expiry of options
- ◆ Square off:
 - ◆ Options positions would be squared off during these 2 days if client does not have sufficient margin. In any case options position would be squared off 1 day prior to options expiry
 - ◆ Further trading in contracts would be restricted from 1 day prior to options expiry.