

## LKP's RMS Policy V.03.20.01

### 1) Objective:

To have transparent, uniform, consistent, flexible and robust Risk Management System and to protect the interest of the customers, business associates (SBs) and LKP.

### 2) Scope:

RMS policy shall be implemented for all areas that expose the customers, business associates and the company to any kind of monetary risk.

### 3) Setting up of daily exposure limits:

RMS is controlled from Head Office (HO) and Regional Office (RO). Every BOD, limits are set through the centralized system at HO. Post this, branches / SBs / customers can contact our dedicated touch point at RO for any issue related to limits. We also have dedicated team at HO.

### A) Process of Setting up of Customers' Exposure Limit:

Steps followed to set-up customers' exposure limits:

- a) Customer's "**Margin Available**" with LKP is calculated
- b) On the "**Margin Available**", depending on the scrip in which exposure is to be taken, "**Applicable Margin Percentage**" is applied.
- c) The resultant is the "**Exposure Available**" for that scrip.

Example: Say Customer A has deposited Rs. 1,00,000 with LKP (i.e. "**Margin Available**"). Scrip X is intended to be purchased, which has 20% as "**Applicable Margin Percentage**". Purchase of Rs. 5,00,000 (being  $1,00,000 / 20 * 100$ , i.e. "**Exposure Available**") can be done in scrip X by Customer A.

**These processes are explained in detail below:**

#### a) "**Margin Available**":

Various factors are considered for determining "**Margin Available**". Most important factors are listed below:

a)		Ledger Balance <b>Note:</b> <ul style="list-style-type: none"> <li>• Purchase / Sale transactions are considered upto last working day, on "T" day basis and not "T+2" day basis.</li> <li>• All MTM are considered upto last working day.</li> <li>• Credit / debits for realized profits / losses may be given on real-time basis (subject to earmarking in the system).</li> </ul>
b)	Less:	F&O margin utilized
c)	Add:	Customer's stock / collateral in Beneficiary / Margin Account lying with LKP
d)	Add:	Debit Stock i.e. Stock Purchased but not yet received from Exchange. <b>Note:</b> Purchase value upto last working day is debited in Ledger on "T" day basis and not "T+2" day basis.

e)	Add:	POA Stock with LKP
e)	Less:	<p>Outstanding Sales i.e. Sale Value of unsettled stock: This means stock is sold and not lying with LKP in (c) to (e) above and not yet received from customer as well. It may be lying with Non-POA Demat Account with LKP or Third Party Demat Account etc. Thus Sale Value credited on "T" day basis is reduced.</p> <p><b>Note:</b> In case of Sale:</p> <ul style="list-style-type: none"> <li>• If Stock is sold from the collateral value included in (c) and (e) above, such amount shall be reduced from the value appearing in (c) and (e) post sale trade. Hence Sale Value credited in the Ledger Account on "T" day basis is allowed.</li> <li>• Inter-Settlement Stock (i.e. stock bought yesterday and sold today) shall not be released by Operation Dept. Thus credit for such Sale Value given in the Ledger Account on "T" day basis is allowed.</li> </ul>
f)	Less:	Any shortages, charges etc to be levied
g)	Add / Less:	Cheques / stock received / paid by LKP

**Note: All stock value shall be considered post Haircut only.**

Margin Available is used to take position in both Cash and F&O Segment.

For LKP Securities Ltd.