HCK CAPITAL SERVICES PRIVATE LIMITED

RMS GUIDELINES FOR TRADES BY CLIENTS

The following are the broad guidelines for the purpose of Risk Management to be followed in the case of different types of trades:

1. In case of Delivery Based Trades

General:
Transactions are allowed only in cash market of NSE (through MSE) and BSE exchange.

Setting of Limits:
a. In case of online transfer of funds by clients the limit will be given as an add-on limit.
b. Cheques shall be accepted from only those accounts which are mapped with Back office Software. If not mapped, the client is required to give the proof of his bank account for record of HCK Capital Services Pvt Ltd. Cheques from a current account where a client is the sole proprietor would not be acceptable. Non-MICR cheques, out station cheques and Demand Draft will not be accepted.
c. Product Multiplier is 1 time in offline. In case of online clients, the product multiplier is 0.98 times. The rest is kept for brokerage and other charges.
d. Adhoc limits for sale to be given only on receipt of shares in the beneficiary account / Pool account .
e. Sell of stock only to the extent of the following:
- availability of stock i.e to the extent of quantity available as per DP statement
- Beneficiary stocks held on debit balance
- Stocks under obligation

2. In case of Margin (Intra-day) trades

Collect initial and other margins in the form of funds, fixed deposit receipts, bank guarantees and approved/liquid securities with appropriate haircut

General:
Transactions to be allowed only in cash market of NSE(through MSE) and BSE Exchange.

Setting of Limits:
a. Purchase or sell position in intraday is allowed only against availability of adequate buying power
b. Exposure will be given for online clients on multiplier as decided by RMS Head from time to time and for offline on the basis of VAR + ELM + Addition margin charged by exchange or any further additional margin can be charged.
c. No check for stock at time of sell i.e. short position can be taken to the extent of availability of applicable margin.
d. Intra-day Booked profit / Loss to be credited / debited to the buying power on reversal of intraday positions, but not to be allowed for withdrawal.
e. Intra-day accrued M2M loss to be debited from the buying power
f. It is mandatory for a client that all positions are reversed/squared off prior to specified time frame for square off by RMS team.

Other restrictions: Trades not allowed for T, TS, and Z Group scrips in BSE and BE series scrips in NSE (as exchange settles such trades on delivery basis)

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3. In case of FNO (Futures & Options) transactions

Collect initial and other margins in the form of funds, fixed deposit receipts, bank guarantees and approved/liquid securities with appropriate haircut

Setting of limits:
a. Positions to be restricted to the extent of margin available
b. Intraday Booked profit / Loss to be credited / debited to the buying power but not to be allowed for withdrawal.
c. Premium credit on square off of options to be added to buying power
d. If any existing position is reversed then applicable margin to be released and to be added to the buying power but not to be allowed for withdrawal

Restrictions:

Trading will not be allowed in Contracts in ban period and in market wide position limits (as per Exchange circular) and any other guidelines set by exchanges from time to time. RMS may block intraday or new positions in F&O scrips, which are in ban period.

Forceful Square off by RMS

The RMS team may square off the clients positions without notice to the clients in the following cases:

1. In case of debit in Ledger balance due to buying delivery against collateral, clients have to provide funds on T+1 day before such time as specified by RMS from time to time.

2. In case of debit in Ledger balance due to creating position in F&O segment, clients have to provide funds on T+1 day before such time as specified by RMS from time to time.

3. In case of debit in Ledger balance due to M2M (Marked to Market) or Booked loss of previous day, clients have to provide funds on T+1 day before such time as specified by RMS from time to time.

4. In case of confirmation from back office for cheque bounce / third party cheque deposit.

In any of above cases RMS will square off the Cash Position (Stock in beneficiary / Stock in POA / Stock in Collateral) / F&O position as soon as possible to nullify the debit of client.

General

a. BUYING POWER / Deposit = T + 2 ledger balance after adjusting (Latest Span + Exposure margin applied on FNO positions)+ Pre Pay in received.

b. WITHDRAWABLE BALANCE = T ledger balance after adjusting (Latest Span + Exposure margin applied on FNO positions) – future debits

c. Funds withdrawal request to be restricted to the extent of withdrawable balances

d. If withdrawal request is greater than such balance, instruction to be rejected

e. Z Group/Physical Securities are restricted.

f. Funds can be transferred across different segments only to the extent of clear   funds available in the ledger.

Funds to be settled bill wise. If the client wants to give a running account authorization, he should always maintain sufficient funds in his account and settle as per the running account authorization either monthly or quarterly

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POLICIES AND PROCEDURES

Trading Terminal operations

Trading terminals are to be operated by approved persons/approved users with valid NCFM/BCSM/NISM certification only.

Quarterly verification to be done for expiry of certifications of approved users

Correct User name, terminal location to be reported to the Exchange

Orders should not be placed for SEBI barred entities

Prior permission to be obtained by member from Stock Exchange for providing CTCL and comply with applicable provision of CTCL

Back up of data to be taken daily and stored properly

Set adequate filters in the trading terminal and adequate system in place that allows continuous monitoring of transactions and generate alerts based on set parameters for suspicious transactions

scrutinize the alerts for suspicious transactions and inform Compliance officer, stock exchanges and FIU

Hiring

Hire employees only with valid NCFM/BCSM/NISM certification. Screen the employees about the certifications, previous experiences, violations etc before hiring

staff are adequately trained in AML and CFT (Combating Financing of Terrorism) procedure and updated with any regulatory changes

INVESTOR COMPLAINTS

Investors should be informed about availability of complaints register and the email id for filing of complaints with the Member

On receipt of any grievances from the clients take adequate measures to solve with in one month and inform the client

Solve any complaint within one month and get confirmatory letter from the client and inform the stock exchange

Dealing with another Member of Exchange

Do not deal with another Member of Exchange without prior approval from the Exchange

Advertisements

Do not issue any advertisements in any media without prior permission of the Exchange

Internal review

Conduct an internal review, at least annually, to detect and prevent violations of and to achieve compliance of, the Byelaws, Rules and Regulations of the Exchange and SEBI

Client code Modification

Client code modification requests to be entertained only for correcting mistakes arising out of client code order entry. The request should be signed by both clients involved in the transaction i.e. the wrong entry code and correct code and counter signed by the dealer who has placed the wrong entry. The request should be approved by the Director before it is forwarded to the Exchange for modification.

Client code modification should not be entertained for purposes other than correcting mistakes arising out of client code order entry

Trades modified to the ERROR code should be settled in ERROR account only

Margin Trading Facility

We do not provide Margin Trading facility to the clients. In case it is proposed to be provided in future, it should be done only after obtaining specific approval from the Exchange and complying with all regulatory requirements related to margin trading

Pro Trading

We do not undertake any Proprietary trading on behalf of the company. If we propose to do pro trading in future, it should be done only after disclosing the same to the clients and Exchnages

Internet Trading

We do not provide internet trading facility to the clients

Execution of Power of Attorney

We do not take any POA from clients in favour of Member/employees/representatives etc.

CLIENT ACCEPTANCE POLICY

Collect Proof of Identity, PAN, address proof, bank details, demat details along with KYC from all clients and verify with originals

In person verification of clients to be done by an authorized person of the company

Client to be provided with copy of KYC and all other documents submitted by him

Accept Clients only after due diligence. Conduct continuous due diligence and scrutiny of clients

Capture the identity and address proof of introducer of the client

Capture details of action taken against clients by SEBI or other financial sector regulators

Do not accept a client if due diligence of the client can't be done and if KYC and supporting documents can't be provided by the client

Clients of special category, NRI's, Institutional investors to be accepted only after due diligence and PMLA verifications

Change in address, bank account, demat account to be entertained only on receipt of written request along with documentary proof from the client

If the client opts for a Electronic Contract Note (ECN), valid e-mail id is to be provided by the client

Communicate policies and procedures to the clients

Trade Orders to be received only from the clients and their authorized representatives

If a client account is inactive for 6 months, it can be re activated only after a written request from the client and ensure that orders are placed by the client only

Collect initial and other margins in the form of funds, fixed deposit receipts, bank guarantees and approved/liquid securities with appropriate haircut

Clients should strictly follow the settlement cycle of the respective exchanges