

## **INTRODUCTION:**

In order to mitigate the risk in securities business of the Company, the management of the Company is agreed to accept and implement the below mentioned Risk Management Policy. The policy will help the Member to mitigate the risk, monitor the different margin obligations and protect the Clients.

In considering whether to trade or authorize someone to trade for you, you should be aware of or must get acquainted with the following: -

## **RISKS INVOLVED IN TRADING ON THE STOCK EXCHANGE**

### **Risk of Higher Volatility:**

Volatility refers to the dynamic changes in price that a security/derivatives contract undergoes when trading activity continues on the Stock Exchanges. Generally, higher the volatility of a security/derivatives contract, greater is its price swings. There may be normally greater volatility in thinly traded securities / derivatives contracts than in active securities / derivatives contracts. As a result of volatility, your order may only be partially executed or not executed at all, or the price at which your order got executed may be substantially different from the last traded price or change substantially thereafter, resulting in notional or real losses

### **Risk of Lower Liquidity:**

Liquidity refers to the ability of market participants to buy and/or sell securities / derivatives contracts expeditiously at a competitive price and with minimal price difference. Generally, it is assumed that more the numbers of orders available in a market, greater is the liquidity. Liquidity is important because with greater liquidity, it is easier for investors to buy and/or sell securities / derivatives contracts swiftly and with minimal price difference, and as a result, investors are more likely to pay or receive a competitive price for securities / derivatives contracts purchased or sold. There may be a risk of lower liquidity in some securities / derivatives contracts as compared to active securities / derivatives contracts. As a result, your order may only be partially executed, or may be executed with relatively greater price difference or may not be executed at all.

### **Risk of Wider Spreads:**

Spread refers to the difference in best buy price and best sell price. It represents the differential between the price of buying a security / derivatives contract and immediately selling it or vice versa. Lower liquidity and higher volatility may result in wider than normal spreads for less liquid or illiquid securities / derivatives contracts. This in turn will hamper better price formation.

### **Risk-reducing orders:**

The placing of orders (e.g., "stop loss" orders, or "limit" orders) which are intended to limit losses to certain amounts may not be effective many a time because rapid movement in market conditions may make it impossible to execute such orders.

1. A **"market" order** will be executed promptly, subject to availability of orders on opposite side, without regard to price and that, while the customer may receive a prompt execution of a "market" order, the execution may be at available prices of outstanding orders, which satisfy the order quantity, on price time priority. It may be understood that these prices may be significantly different from the last traded price or the best price in that security / derivatives contract.

### **Registered Office**

"Sunflower House", 5<sup>th</sup> Floor, Nr. Bhaktinagar Circle,  
Rajkot-360002. Ph: 0281-236-1935

### **Corporate Office**

A-501, Privilon Building, Near Iscon Temple, SG Highway,  
Bodakdev, Ahmedabad-380054. Ph: 079-4039-6993

2. A **"limit" order** will be executed only at the "limit" price specified for the order or a better price. However, while the customer receives price protection, there is a possibility that the order may not be executed at all.
3. A **stop loss order** is generally placed "away" from the current price of a stock / derivatives contract, and such order gets activated if and when the security / derivatives contract reaches, or trades through, the stop price. Sell stop orders are entered ordinarily below the current price, and buy stop orders are entered ordinarily above the current price. When the security / derivatives contract reaches the pre-determined price, or trades through such price, the stop loss order converts to a market/limit order and is executed at the limit or better. There is no assurance therefore that the limit order will be executable since a security / derivatives contract might penetrate the pre-determined price, in which case, the risk of such order not getting executed arises, just as with a regular limit order

#### **System Risk:**

High volume trading will frequently occur at the market opening and before market close. Such high volumes may also occur at any point in the day. These may cause delays in order execution or confirmation.

#### **Risk of News Announcements:**

News announcements that may impact the price of stock / derivatives contract may occur during trading, and when combined with lower liquidity and higher volatility, may suddenly cause an unexpected positive or negative movement in the price of the security / contract.

#### **System/Network Congestion:**

Trading on exchanges is in electronic mode, based on satellite/leased line-based communications, combination of technologies and computer systems to place and route orders. Thus, there exists a possibility of communication failure or system problems or slow or delayed response from system or trading halt, or any such other problem/glitch whereby not being able to establish access to the trading system/network, which may be beyond control and may result in delay in processing or not processing buy or sell orders either in part or in full. You are cautioned to note that although these problems may be temporary in nature, but when you have outstanding open positions or unexecuted orders, these represent a risk because of your obligations to settle all executed transactions.

#### **Derivate Segment:**

**Effect of "Leverage" or "Gearing":** In the derivatives market, the amount of margin is small relative to the value of the derivatives contract so the transactions are 'leveraged' or 'geared'. Derivatives trading, which is conducted with a relatively small amount of margin, provides the possibility of great profit or loss in comparison with the margin amount. But transactions in derivatives carry a high degree of risk. You should therefore completely understand the following statements before actually trading in derivatives and also trade with caution while taking into account one's circumstances, financial resources, etc. If the prices move against you, you may lose a part of or whole margin amount in a relatively short period of time. Moreover, the loss may exceed the original margin amount.

A. Futures trading involve daily settlement of all positions. Every day the open positions are marked to market based on the closing level of the index / derivatives contract. If the contract has moved against you, you will be required to deposit the amount of loss (notional) resulting from such movement. This amount will have to be paid within a stipulated time frame, generally before commencement of trading on next day.



B. If you fail to deposit the additional amount by the deadline or if an outstanding debt occurs in your account, the stock broker may liquidate a part of or the whole position or substitute securities. In this case, you will be liable for any losses incurred due to such close-outs.

C. Under certain market conditions, an investor may find it difficult or impossible to execute transactions. For example, this situation can occur due to factors such as illiquidity i.e. when there are insufficient bids or offers or suspension of trading due to price limit or circuit breakers etc.

D. In order to maintain market stability, the following steps may be adopted: changes in the margin rate, increases in the cash margin rate or others. These new measures may also be applied to the existing open interests. In such conditions, you will be required to put up additional margins or reduce your positions.

E. You must ask your broker to provide the full details of derivatives contracts you plan to trade i.e. the contract specifications and the associated obligations.

### **Currency specific risks:**

1. The profit or loss in transactions in foreign currency-denominated contracts, whether they are traded in your own or another jurisdiction, will be affected by fluctuations in currency rates where there is a need to convert from the currency denomination of the contract to another currency.
2. Under certain market conditions, you may find it difficult or impossible to liquidate a position. This can occur, for example when a currency is deregulated or fixed trading bands are widened.
3. Currency prices are highly volatile. Price movements for currencies are influenced by, among other things: changing supply-demand relationships; trade, fiscal, monetary, exchange control programs and policies of governments; foreign political and economic events and policies; changes in national and international interest rates and inflation; currency devaluation; and sentiment of the market place. None of these factors can be controlled by any individual advisor and no assurance can be given that an advisor's advice will result in profitable trades for a participating customer or that a customer will not incur losses from such events.

### **Risk of Option holders:**

An option holder runs the risk of losing the entire amount paid for the option in a relatively short period of time. This risk reflects the nature of an option as a wasting asset which becomes worthless when it expires. An option holder who neither sells his option in the secondary market nor exercises it prior to its expiration will necessarily lose his entire investment in the option. If the price of the underlying does not change in the anticipated direction before the option expires, to an extent sufficient to cover the cost of the option, the investor may lose all or a significant part of his investment in the option.

The Exchanges may impose exercise restrictions and have absolute authority to restrict the exercise of options at certain times in specified circumstances.

### **Risks of Option Writers:**

If the price movement of the underlying is not in the anticipated direction, the option writer runs the risks of losing substantial amount.

The risk of being an option writer may be reduced by the purchase of other options on the same underlying interest and thereby assuming a spread position or by acquiring other types of hedging positions in the options markets or other markets. However, even where the writer has assumed a spread or other hedging

position, the risks may still be significant. A spread position is not necessarily less risky than a simple 'long' or 'short' position.

Transactions that involve buying and writing multiple options in combination, or buying or writing options in combination with buying or selling short the underlying interests, present additional risks to investors. Combination transactions, such as option spreads, are more complex than buying or writing a single option. And it should be further noted that, as in any area of investing, a complexity not well understood is, in itself, a risk factor. While this is not to suggest that combination strategies should not be considered, it is advisable, as is the case with all investments in options, to consult with someone who is experienced and knowledgeable with respect to the risks and potential rewards of combination transactions under various market circumstances.

## **Dealing in Restricted Scripts:**

In order to exercise additional due diligence while trading in these securities either on own account or on behalf of their clients:

Sunflower Broking reserves the right to refuse execution of any transaction requests of the client on such restricted securities or to reduce the open market interests of the client in such securities/ contracts.

Sunflower Broking reserves the right not to allow any trades or transactions in respect of certain securities or segments or orders/requests which may be below/above certain value/quantity as may be decided by Sunflower Broking from time to time.

Client Level Investments shall consider before allowing trade.

Dealing in restricted scrip would be allowed to the extent of clear ledger credit balance available.

### **Dealing in SME Series scrips traded on BSE / NSE with "SM", "MT", "ST" & "M" series group**

Scripts listed in the SME segment with NSE & BSE having huge lot sizes & have low liquidity. Eventually these have miniscule participation in terms of volume at the exchange. In order to avoid any manipulations or erroneous trading, this category is restricted for Trading.

The trades would be executed ONLY through dealing desk at Sunflower Broking and Trade will be placed subject to liquidity / volume in the market and looking at the trade pattern.

Trades would be allowed after additional due diligence of client and orders considering genuity of trading rationale.

Further, Trades will be allowed if these shares were allotted through IPO credits in client DP Account mapped with Sunflower Broking.

Clients are advised to cooperate to fulfil surveillance criteria imposed by Exchanges time to time and Sunflower may demand additional details/data further in this regard in case of carrying out further due diligence of transections.

### **Categorisation of the securities under GSM and relevant surveillance actions by Exchanges:**

#### **1. Additional Surveillance Measure (ASM)**

Securities and Exchange Board of India (SEBI) and Exchanges in order to enhance market integrity and safeguard interest of investors, have been introducing various enhanced pre-emptive surveillance measures.



In continuation to various surveillance measures already implemented, SEBI and Exchanges, have decided that along with the aforesaid measures there shall be Additional Surveillance Measures (ASM) on securities with surveillance concerns based on objective parameters viz. Price / Volume variation, Volatility etc.

The shortlisting of securities for placing in ASM is based on an objective criterion as jointly decided by SEBI and Exchanges covering the following parameters:

- High Low Variation
- Client Concentration
- Close to Close Price Variation
- Market Capitalization
- Volume Variation
- Delivery Percentage
- No. of Unique PANs
- PE

Client must make aware himself regarding applicable surveillances actions after script moving to ASM grade stage and restrictions-imposed time to time. The list of securities moving from higher stage of Graded Surveillance Measures is informed time to time by the regulators and shall be available on the exchange's website.

Trades will be allowed only after fulfilling of margin requirement and other parameters as decided by Sunflower Broking. ASD shall be over and above existing margins or deposits levied by the Exchanges on transactions in such companies and shall be interest free.

## **2. Graded Surveillance Measure (GSM)**

SEBI and Exchanges, have decided additional Graded Surveillance Measures on securities with price not commensurate with financial health and fundamentals like Earnings, Book value, Fixed assets, Net-worth, P/E multiple, Market Capitalisation etc.

The list of such securities identified under GSM shall be informed to the market participants from time to time and shall be available on the exchange's website.

All Clients dealing in identified securities have to be extra cautious and diligent as, Exchanges and SEBI may at an appropriate time subject to satisfaction of certain criteria lay additional restrictions such as;

- Placing / continuing securities in Trade for Trade category;
- Requirement of depositing additional amount as Surveillance Deposit, which shall be retained for an extended period;
- Once in a week trading; and
- Freezing of price on upper side of trading in securities, as may be required.
- Any other surveillance measure as deemed fit in the interest of maintaining the market integrity.

All the aforesaid actions shall be triggered based on certain criteria and shall be made effective with a very short notice.

The above surveillance actions are without prejudice to the right of Exchanges and SEBI to take any other surveillance measures, in any manner, on a case to case basis or holistically depending upon the situation and circumstances as may be warranted.

The clients trading in the identified securities shall be kept under close scrutiny by the exchange and any misconduct shall be viewed seriously.

In addition to existing Surveillance action(s) being imposed from time to time, it may be noted that these securities shall be monitored for the price movement and based on the pre-determined objective criteria shall attract following additional Graded Surveillance Measures:

STAGE	SURVEILLANCE ACTIONS	What is meant for client
I	Applicable margin rate shall be 100% and price band of 5% or lower as applicable.	Client required to deposit 100 % Margin or 5% of price band or lower as applicable.
II	Trade for Trade with price band of 5% or lower as applicable and Additional Surveillance Deposit (ASD) of 50% of trade value to be deposited by the Buyers.	Clients required to deposit additional 50% ASD and kept separately, over and above 100% margin.
III	Trade for Trade with price band of 5% or lower as applicable and Trading permitted once a week (Every Monday / 1st trading day of the week) and ASD (100% of trade value) to be deposited by the Buyers.	Clients required to deposit additional 50% ASD and kept separately, over and above 100% margin. Further trading restricted to once in week (Each Monday).
IV	Trade for Trade with price band of 5% or lower as applicable and Trading permitted once a week (Every Monday / 1st trading day of the week) and ASD (100% of trade value) to be deposited by the Buyers with no upward movement.	Clients required to deposit additional 50% ASD and kept separately, over and above 100% margin. Further trading restricted to once in week (Each Monday).

**Notes: -**

- The list of securities moving to/from higher stage of Graded Surveillance Measures shall be informed to the market, vide circular(s) from time to time.
- Additional Surveillance Deposit (ASD) shall be paid only in form of cash and shall be retained till further notice.

Clients Must take cautious view while dealing in these securities. Clients wishes to trade in these securities are subject to additional due diligence by Sunflower Broking and must provide additional details as and when requested to comply with exchanges guidelines.

Sunflower Broking reserves the right not to allow any trades or transactions in respect of securities orders/requests which is in ASM/GSM Stage/ other Surveillance criteria as prescribed by exchanges or based on value/quantity as may be decided by Sunflower Broking from time to time.

Clients would allowed trade subject to additional margin deposit and fulfilling margin deposit and Credit ledger balance subject to limited number of orders. Further clients are Advised to cooperate as non-compliance bring action from exchanges and accordingly Sunflower Broking reserves the right to refuse execution of any transaction requests of the client on such restricted securities.

**Persistent Noise Creators (PNC):**

Exchanges and SEBI have issued various guidelines to regulate Algo based trading in the securities market. One metric to gauge the algo related activity of a trading member is the "Order



to Trade Ratio (OTR)" which was implemented in 2012. Further, tagging of orders with their corresponding algo id has been made mandatory in the year 2019. Proactive surveillance measures on possible algo based manipulations such as "**Surveillance measure on Order Spoofing**" was implemented in May 2019.

The excessive order messages may be attributed as "noise" in the market with prima facie no intention to execute trade by modifying or cancelling them.

Persistent Noise Creators (PNC) shall be applicable on the daily trading activity at the Client / Proprietary account level in a security / contract and shall be based on the following parameters:

**Noise 1:**

Persistent order modifications by the Client / Proprietary account leading to maintained / deferred / lowering of order execution priority which has accounted for a considerable percentage of the overall modifications in the respective contract / security

**AND**

High Order to Trade Ratio (OTR) in value terms (i.e. Value of all Orders Entered / Modified / Cancelled in a Security / Contract by a Client / Proprietary account vis-à-vis Value of all Trades in the Security / Contract by a Client / Proprietary account

**AND**

High Number / Instances of Order modifications

**Noise 2:**

Persistent order modifications by the Client / Proprietary account leading to maintained / deferred / lowering of order execution priority which has accounted for a considerable percentage of his own modifications in the respective contract / security

**AND**

High Order to Trade Ratio (OTR) in value terms (i.e. Value of all Orders Entered / Modified / Cancelled in a Security / Contract by a Client / Proprietary account vis-à-vis Value of all Trades in the Security / Contract by a Client / Proprietary account

**AND**

High Number / Instances of Order modifications

Exchange shall take penal action based on count of instances over period of rolling 20 trading days which shall leads to disablement of such clients/ Proprietary account for a time period decided by exchange.

Accordingly ,The PAN shall be completely disabled for the specified duration and shall not be allowed to square off the open positions during the disablement period.

Sunflower Broking regularly review and monitor client trading activities and reserve right not allow to place order if found any **Order Spoofing /any other manipulative practices/activities** and take appropriate measures to mitigate the same at client and pro level.

### **SETTING UP CLIENT EXPOSURE LIMIT:**

- Exposure is allowed to the Clients depending upon the margin available in form of funds or approved securities values after deducting an appropriate haircut. Client is liable to pay applicable initial margins, withholding margin, special margins or such other margins as are considered necessary by the Exchange. Further Sunflower Broking at its discretion may collect additional margin or may even reduce the margin even though not required by the Exchange. Clients are supposed to maintain sufficient balance with the Sunflower Broking Pvt. Ltd. depending on the channel through which they trade. Sunflower Broking Pvt. Ltd. may even levy additional margin or relax the margins earlier imposed based on factors such as, client's level positions, volatility in particular stock or the market in general. Exposure allowed to Clients may vary depending on the Clients past trading performance, quality of collateral, market circumstances and dynamics and other such factors.
- Exposure limits are also determined by risk of the exposure proposed to be taken, i.e., the securities bought / sold (This is governed by securities classification).
- Exposure Limits are made available based on collateral. The limit is a multiple of collateral value and is typically different for margin and delivery positions.
- In case of Debit Balances in Clients' Account are for more than 5 trading days however no further exposure is granted from the 6<sup>th</sup> trading day, such debit balance would not be considered as funding. It is client's obligation to clear his/her outstanding dues by T+2 /T+1(T indicates Trading day). The client shall ensure timely provision of funds to Sunflower Broking Pvt Ltd.so as to meet exchange obligations. Sunflower Broking reserves the right to close the positions / sell securities to the extent of ledger debit and /or to the extent of margin obligations after 5<sup>th</sup> day.

### **Fixing of limits:**

RMS department at sunflower Broking has sole discretion to fix/decide limit for each user ID.

Broadly, limits for the following shall be fixed:

1. Value limit for each User ID
2. Quantity limit for each order for each user ID
3. Value Limit for each order for each User ID
4. Security wise limit for each User ID

If client wants to place orders beyond limit decided by Risk management team then clients should contact RMS team and request increase in value/Quantity limit. After pre-scrutiny and having fulfilling all requirement by clients Rms team shall open further limit and allow trade.

### **IMPOSITION OF PENALTY / DELAYES PAYMENT CHARGES**

- The Client is required to adhere Exchange/Members' guidelines and due diligence while trading.
- Clients are required to make;
  - Securities pay in on T+1 day
  - Funds pay in on T+1 day
- In case of default in security pay in by the Client and the shortage is at member level, the member shall be procuring the defaulting securities/quantities from the market and the value of the security



- + shortfall in the value of the original transactions, if any, and penalty (decided by the member from time to time) shall be recovered from the defaulting client. Further, the Client shall borne all expenses, cost incurred by Sunflower Broking Pvt. Ltd. with respect to default in security pay in.
- In case of the default of securities pay in by the Client and the shortage is from exchange, auction value of the respective exchange plus penalty (decided by the member from time to time) shall be recovered from the defaulting Client.
- In the case of funds default by the Client, the member shall be liquidating the stocks to recover the money. Any shortfall arising out of liquidating securities by the members shall also be recovered from the defaulting client along with interest (decided by the member from time to time).
- In case of debit balance in the Client account, the same shall be liable for the delayed payment charges. The calculation of these charges is an automated process.
- In accordance with the Exchange guidelines, Sunflower Broking Pvt. Ltd. retains the right to square off the position without giving any notice to the Client.

**Margin Trading Facility (MTF) square off:** Applicable minimum initial margin and increased margin, if any, shall be kept supplied at all times by the clients in respect of the stocks purchased under the MTF. Client shall pay any shortage in the required margin immediately on receiving demand (margin call).

if margins fall short in the Margin Funded Portfolio, In such an event liquidation will be at the lender's discretion. However, during volatile market conditions and there being a situation where there is a significant movement in the market, Sunflower Broking reserves the right to liquidate the holdings much in advance.

**Scrip Concentration:** If any debit arises due to scrip concentration, then client needs to update the funds or transfer other approved securities or reduce the concentrated scrip to the extent of breach value. No client will be allowed to go beyond exposure limits set in a single scrip / instrument prescribed by exchanges time to time.

#### **Shortages in obligations arising out of internal netting of trades:**

Stock broker shall not be obliged to deliver any securities or pay any money to the client unless and until the same has been received by the stock broker from the exchange, the clearing corporation/ clearing house or other company or entity liable to make the payment and the client has fulfilled his / her/ its obligations first. The policy and procedure for settlement of shortages in obligations arising out of internal netting of trades is as under:

1. The securities delivered short are purchased from market on T+3 day which is the Auction Day on Exchange, and the purchase consideration (inclusive of all statutory taxes & levies) is debited to the short delivering seller client.
2. If securities cannot be purchased from market due to any reason whatsoever on T+3 day they can be covered from the market on any subsequent trading days. In case any reason whatsoever (any error or omission) any delay in covering of securities leads to higher losses, stock broker will not be liable for the same. Where the delivery is matched partially or fully at the Exchange Clearing, the delivery and debits/credits shall be as per Exchange Debits and Credits.

3. In cases of securities having corporate actions all cases of short delivery of cum transactions which cannot be auctioned on cum basis or where the cum basis auction payout is after the book closure / record date, would be compulsory closed out at higher of 10% above the official closing price on the auction day or the highest traded price from first trading day of the settlement till the auction day.

### **Trading Policy:**

- Trading in scrips other than A, B series of BSE and EQ series of NSE segment is blocked in the system. Orders may be placed by the advisor / client / dealer after a request to RMS desk to unblock the same for a particular order. Such unblocking maybe done selectively at the discretion of the RMS desk for limited periods of time. Maximum order size in such stocks should not exceed predefined % of order value at the time of order.
- GSM and ASM group scrips are also blocked by RMS team and Sunflower broking reserves right to not allow trades if **ASD** (Additional Security Deposit) as required not deposited by the client within prescribed time. however, squaring off of existing position is permitted.
- Maximum single order transaction quantity, lots and value across cash and derivatives segment shall be set by RMS which is subset of exchange allowed permitted limits. The same varies between dealers as well as clients.
- The dealer / client shall not take any fresh positions in F&O scrips where incremental exposure is disallowed by the exchange or Exposure reached to allowable limit set by the exchanges.
- Always give unambiguous instructions to your authorised person or broker/Dealer who will place the orders on your behalf.

**Refusal of orders for Illiquid/Penny Stocks:** Clients are advised to not trade in penny stocks due to associated risk. Further client is required to adhere to exchanges/Member guidelines while trading in such stocks. We sunflower broking may at our sole discretion impose restrictions on dealing in penny stocks.

- Restrict wholly or partly for trading in these scrips
- Restrict in trading of Illiquid stocks having low liquidity and Illiquid options/far month options/ long dated options
- require the client to provide appropriate declarations before / after accepting such orders.
- restrict intraday trading in such illiquid / penny stocks.
- We sunflower broking shall have the discretion to place such restrictions, notwithstanding the fact that the client has adequate credit balance or margin available in his account and / or the client had previously purchased or sold such securities /contracts through Sunflower Broking.
- Sunflower Broking shall not be responsible for non-execution / delay in execution of such orders and consequential opportunity loss or financial loss to the client.

### **Suspicious Transactions/trades Reporting to the Exchange(s):**



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

### **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 and clients are advised to provide additional details asked by regulatory bodies/exchanges in alerts received.

### **INTRA-DAY Trading:**

- Positions created under Intraday trading would be subject to either client himself squaring off
- (If done online) OR dealer based square off OR MTM Loss @ 80 % of Total Deposit (Ledger + Holding after Haircut) - Risk Square off OR Time Based Square off.
- Client cannot Carry Forward any positions in Intraday.
- All pending orders / unexecuted / partial orders will be cancelled as per intraday product features.
- Square off Times will be as under for the following exchanges (Cash: 3.15 pm, Derivatives: 3.15 pm, Currency & Agro Commodities: 4.45 pm, Commodities: 11.15 pm (if the market closes at 11.55 pm then the square off time would be 11.40 pm).
- All positions under Intraday Product will be subject to 80 % MTM Loss i.e. positions will be liquidated if loss reaches to a pre-decided level of client margin loss.
- Clients only allow intraday trading in the exchange segments in which client is registered for trading.
- Intraday trading only allowed only if margin required is already available or deposited by the clients within stipulated time period.
- Intraday is also not allowed in scripts under Trade-to -trade group as defined by exchanges from time to time.
- Client also understands and agree that the option to convert Intraday trade positions to carry forward positions is subject to full margin being made available upfront unless such margin is already lying in the account of client with Sunflower Broking.
- Sunflower Broking shall not responsible for any financial loss due to any situation which is beyond the control like disruptions in the communication network, system failure, slow or delayed response from system, trading halts, or the Exchange applying circuit filters because of which the open Intraday positions could not be squared off and are carried forward. client is expected only to Square them off on a best effort basis.

### **Applicable brokerage rate:**

The rate of brokerage shall not exceed the maximum permissible brokerage stipulated by Exchange / SEBI.

The slab rate of brokerage fixed by Sunflower Broking may be function of the quality and cost of services provided to the client and the volume and revenue expected from relationship. It shall be

reviewed by Sunflower Broking/Management from time to time and may be changed in such manner as Sunflower Broking may deem fit provided that the same would not contradict the regulatory provisions.

Applicable brokerage rates shall set at time of Account opening/registration of client with Sunflower broking and as per terms agreed by way of any written agreement or document with mutual understanding subject to exchange/SEBI permissible limit.

### **Liquidation Policy:**

The right to sell clients' securities or close clients' positions, without giving notice to the client.

- In the event where overall position in any scrip or derivative contract has reached the limit prescribed by regulators or exchanges.
- In case there is debit balance in Client's account beyond 5<sup>th</sup> Trading Day.
- On the basis of risk management system of Sunflower Broking Pvt. Ltd.
- In case there is apprehension that the Client is debarred entity by any regulatory authority;
- In case where Sunflower Broking Pvt. Ltd. perceives risk with regard to any regulatory action or with regard to delay or non-payment of margin or any other obligations, mark-to-market (MTM) dues, cheque bouncing / not honouring sale obligation by delivering shares in time or due to any reason Sunflower Broking Pvt. Ltd. may Liquidate/block or suspend the trades of such **Clients**.
- In case where suspicious transactions are observed, including but not limited to off market transactions.
- In any other case where the Sunflower Broking Pvt. Ltd. deems fit according to its internal policy on management.
- where intra-day position, if any, not liquidated before prescribed time or placing of fresh intra-day order after a cut-off time fixed by Sunflower Broking.
- Volume in excess of permissible internal limit cap in illiquid / penny stocks / long dated options / far month options or excessive speculative trading.
- Scrip moved in Ban list (due to breach of exchange limit defined for market wide position limit / trading member wide position limit / client wide limit F&O segment, etc.).
- Any direction from SEBI / Exchange or such other regulatory / statutory authorities.
- Irregularities in dealing and other surveillance / anti money laundering (AML) related observations

### **Physical Settlement of Securities:**

SEBI circular SEBI/HO/MRD/DOPI/CIR/P/2018/161 dated December 31, 2018 SEBI/ HO/ MRD/ DOP1/ CIR/P/2019/28 dated February 08, 2019 and Exchange Circular NSE/FAOP/39824 dated January 01, 2019 wherein it has been stipulated that physical settlement shall be mandatory for all stock derivatives with effect from October 2019 expiry onwards. Further, derivatives introduced on new stocks, meeting the enhanced eligibility criteria as specified by SEBI circular SEBI/HO/MRD/DP/CIR/P/2018/67 dated April 11, 2018 would also be physically settled.

As per Circular, all open position in F&O Segment and In-the money options will be compulsorily physically settled on the contract expiry day of the month for the list of securities specified by Exchanges. clients fail to closed/cut position/Roll over position on expiry day before closing of trading hours shall either have to take delivery (for long futures, long in the money calls, short in the money puts) or give delivery of the underlying stock (short futures, long in the money puts).



short "In the money" calls) as per the nature of contract.

Rms team shall not responsible/liable for any loss arising from or by square-off open position by us and sole responsibility of the client.

#### **Quarterly Settlement of Funds:**

SEBI, vide circular no. MIRSD/SE/Cir-19/2009 dated December 03, 2009 and SEBI/HO/ MIRSD/ MIRSD2/ CIR/P/2016/95 dated September 26, 2016, issued the guideline for settlement of running account of client's funds / securities.

The settlement of running account of funds of the client shall be done by the TM after considering the End of the day (EOD) obligation of funds as on the date of settlement across all the Exchanges on first Friday of the Quarter (i.e., Apr-Jun, Jul-Sep, Oct-Dec, Jan-Mar) for all the clients i.e., the running account of funds shall be settled on first Friday of January, April, July, & October, and so on for all the clients. If first Friday is a trading holiday, then such settlement shall happen on the previous trading day.

For clients, who have opted for Monthly settlement, running account shall be settled on first Friday of every month. Any excess credit lying in client ledger needs to be released back to the client as per SEBI circular. However, broker can hold back these funds outflow in case of any obligations from the client, Outstanding FNO margin (ledger held upto 2.25 times FNO margins).

#### **Terminal Operation/CTCL/IML/TWS User Management Policy:**

Exchanges offers a facility to its trading members by which members can use their own trading front-end software in order to trade on the Exchange trading system.

#### **User Management:**

Introduction:

The trading system of the Exchange is accessed by the trading member through various modes of connectivity with a unique identification number called User id. The user id is a system generated number which is allotted to an individual who is recognized as "Approved User" of the trading member.

Each user id is assigned a status as Corporate Manager / Branch Manager / Dealer.

#### **Certificate Requirement:**

Trading members are required to keep track of the validity of the said certificate and ensure that the Approved User shall, preferably one month before the expiry of the validity of the Certificate, appear and clear the examination afresh and submit a fresh certificate to the Exchange on or before the expiry date of the old certificate. Failure to submit a fresh certificate indicating the extension in the validity of the certificate shall render the concerned user Id, for which the certificate validity has expired, **liable for disablement.**

#### **Trading terminal Operation:**

- Sunflower Broking shall carry periodic monitoring of user ID/Terminal allotted to AP /Dealer/Approved Persons.
- AP/Approved person understands that terminal shall be managed and supervised by only Approved person/Authorised person/Dealer to whom terminal allotted.
- Unauthorized access of Terminal shall not allow and user id credentials and password shall keep confidential by Authorized person/Approved person/Dealer.
- Approved Person may be an employee of the Trading Member, a registered Sub-broker, an Approved User or an Authorised Person who has been approved by the Exchange.
- The trading terminals are required to be under the direct control of the trading member and be managed either by an authorized employee or by a registered Sub-broker / approved Authorised Person registered with Sunflower Broking Only.
- clients to avoid practices like:  
Sharing of trading credentials – login id & passwords, trading strategies and position details

### **Ensure:**

Notice boards/plates in the format as prescribed by Inspection department from time to time shall be prominently displayed in the main/branch office of the trading member or office of the registered Sub-broker / authorized person (where the trading terminal is located), as the case may be. The same shall be applicable to every place where one of the CTCL terminals is located.

Copy of registration certificate issued by SEBI to the Sub-broker or Letter of approval issued by the Exchange for an Authorised Person is displayed at the dealing office of the Sub-broker /Authorised Person. It should be visible to everybody and placed in the reception area of the dealing office.

No Offices/Branches/Franchises or User ID's/ Trade Work Stations (TWS) or Trading Terminal are being used for doing unauthorized / illegal trading / fictitious transactions or any trade outside the Exchange trading platform.

### **Penal/ Disciplinary Action:**

- If any terminal is found located at a place other than what is declared to the Exchange, penalty shall be levied in accordance to the Exchange Circular issued by Inspection department from time to time.
- Person to whom trading terminal allotted must be fulfill all requirement on continue basis and prevent any unauthorized access.
- Sunflower Broking reserves right to cancel /suspend trading terminal /User Id if any irregularities/Malpractices found without giving notice.
- Person to whom Terminal allotted must fulfill Certifications requirement as prescribed by exchanges from time to time, Failure to which Terminal shall liable for disablement.

Further Person wishes to avail terminal facilities with Sunflower Broking shall must adhere to rules and requirement prescribed by exchanges and our company. Person shall provide all documents/details require for availing Terminal facilities with Sunflower Broking.

### **Temporary Suspension of Trading Account and Deregistering the client:**



Sunflower Broking may after scrutiny or from available facts may at its discretion, suspend client account/Disallowed from trading in following circumstances:

- Believe that said client/person indulge in unfair trade Practices/fraud
- Where the client status is dormant or inactive during last twelve months
- Default by the client in honouring its settlement / margin obligation including cheque bouncing / auction of shares,
- On directives of SEBI/Exchanges/PMLA perspective
- Client is under investigation by any regulatory body /Government authorities/Receipt of court order or notice of statutory body
- Client fails to provide mandatory documents/KYC details to Sunflower Broking as prescribed by exchanges time to time.
- Any other circumstances sunflower Broking/Management think appropriate
- Sunflower Broking may at its discretion de-register the client's account in circumstances including but not limited to the above.

**This Risk management policy shall subject to change and modification considering internal control system and as when deems fit by management.**

**Disclaimer: Sunflower Broking Pvt Ltd 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.**