

## **RMS Policy**

**ESTEE ADVISORS PRIVATE LTD.**

## **RMS PROCESS**

### **RMS Policy**

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

#### **(1) RMS works on the following concepts:**

**1.1) Cash:** The clear balance available in the customer's ledger account in our books.

**1.2) Margin:** The underlying stake provided by the customer in the form of cash, FDR and/or stock to mitigate market (price) or settlement (auction) risk

**1.3) Exposure :** The aggregate of the customer's obligations arising out of buy + sell trades awaiting settlement in the cash segment and profit/ loss amounts that are yet to be settled on the closed positions.

**1.4) Exposure multiple :** The number of times that exposure is allowed on the underlying margin sales on the cash segment would have to be made either on the availability of cash margin or on the availability of the stocks (which are to be sold) in our margin account, by executing a transfer before the sale order is initiated.

**1.5) Stock qualifying for margin in cash segment transactions:** Securities in the approved list of Stock Exchange as per SEBI guidelines.

**1.6) Total Deposit:** The aggregate of client deposit available with us in the form of cash, Shares (After Applicable Hair Cut) and FDR.

## **(2) NATURE OF CUSTOMER TRANSACTIONS**

**2.1) Intraday - Cash segment:** The amounts of purchase (or sale) in a scrip on any trading day that is reversed by the end of the day by making a contra sale (or purchase) of the exact same quantity, thereby nullifying the original position.

**2.2) Delivery Trades:** The net purchase or sale of a scrip in a client account that is settled by way of a delivery on T+2. Delivery in respect of sale transactions in the cash segment has to be settled by the client by tendering securities in demat form before the pay-in deadline. Else the client faces the risk of auction. A purchase transaction in the cash segment would fall into one or more of the following categories:

**2.3) Sell against Buying :** A purchase order executed on the Exchange today and the (undelivered) purchased stock sold in its entirety on the next trading day. In this case the first transaction would be settled on T+2 while the sale would be settled on the third business day after the purchase transaction.

**Note –** Company will not be responsible for any Short payout of security from exchange

## **(3) MANAGEMENT OF RISK**

### **RMS Policy**

We have margin based automated RMS system. Total deposits of the clients are uploaded in the system and client may take exposure on the basis of margin applicable for respective security as per VAR based margining system of the stock exchange. Client may take benefit of “credit for sale” i.e. benefit of share held as margin by selling the same by selecting Delivery option through order entry window on the trading platform, the value of share sold will be added with the value of deposit and on the basis of that client may take fresh exposure. In case of 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.