



# STEWART & MACKERTICH WEALTH MANAGEMENT LTD.

CIN: U51109WB1993PLC060987

Vaibhav (5F), 4, Lee Road, Kolkata – 700 020 Tel: (91 33) 4011 5400 / 6634 5400 Fax: (91 33) 2289 3401

Email ID: [investors@smifs.com](mailto:investors@smifs.com) Website: [www.smifs.com](http://www.smifs.com)

## RISK MANAGEMENT POLICY

### Policy Authored By:

**Shri Sudipto Datta**  
Manager & Compliance Officer

**Smt. Nilanjana Mukherjee**  
Sr. Manager – Risk & Fund Management

# STEWART & MACKERTICH WEALTH MANAGEMENT LTD.

CIN: U51109WB1993PLC060987

Vaibhav (5F), 4, Lee Road, Kolkata – 700 020 Tel: (91 33) 4011 5400 / 6634 5400 Fax: (91 33) 2289 3401

Email ID: [investors@smifs.com](mailto:investors@smifs.com) Website: [www.smifs.com](http://www.smifs.com)

## **RISKS INVOLVED IN TRADING ON THE STOCK EXCHANGE (EQUITY AND OTHER INSTRUMENTS)**

### **1. Objective:**

1.1 Stewart & Mackertich Wealth Management Limited (hereinafter "Stewart & Mackertich" / "the Company") broadly takes into consideration the regulatory requirement, Client Profile, Internal Risk Management Policy, Market Conditions etc., while setting up the exposure limits for and on behalf of its Clients.

1.2 The Policy envisage collection of pay in, margin, limits setting for exposures & turnover for clients, terminals, branches & sub-broker level, Monitoring of Debit Balances, Periodicity of such monitoring, periodic reconciliation wherein client has expressly accepted the balance confirmation, Steps taken for recovery of old debts, penal interest charged for long outstanding debts, Mechanism of pay-in and pay-out of funds and securities, Payment, Receipt of funds from/to clients, Policy of square off of positions.

### **2. Responsibility:**

2.1 The Compliance Officer shall be responsible for the implementation and supervision of this Policy.

2.2 The Associate Compliance Officer and Risk Management Officer (RMS Officer) shall assist and report to the Compliance Officer on a daily basis in respect of the Client Codes Modified/Transferred.

2.3 The Compliance Officer shall take all necessary steps to monitor, document, analyze and report the findings to the Board Members as well as the relevant Stock Exchanges and/or regulatory bodies, in a time bound manner, as detailed hereunder and/or as mandated by the Stock Exchanges and/or regulatory bodies.

2.4 The Compliance Officer shall exercise his/her independent judgment and take adequate precautions to ensure implementation of an effective monitoring mechanism, based on the day-to-day activities of the clients, general market information and the facts and circumstances.

2.5 The Internal Auditor of the Company, shall review the implementation, documentation, effectiveness and review the actions taken during the period of audit and shall record the observations with respect to the same in their Internal Audit Reports.

2.6 The Board of Directors shall peruse, review and provide necessary guidance with regard to the "**Risk Management Policy**", periodically, for strengthening the processes.

### **3. Exposure Limit for Client:**

3.1 The exposure limits for a Client shall be set up considering the following parameters:

3.1.1 The Client shall have to maintain "upfront margin" in the form of Cash, Approved Securities and Bank Guarantee(s) for availing trading exposures in the Capital Market Segment and in the Derivative - Market Segment(s).

3.1.2 The Client is not entitled to trade without adequate margin/security and that it shall be his/her/its responsibility to ascertain in advance the margin/security requirements for his/her/its orders/trades/deals and to ensure that the required margins/security is made available to Stewart & Mackertich, in such form and manner as may be required by Stewart & Mackertich.

## **STEWART & MACKERTICH WEALTH MANAGEMENT LTD.**

CIN: U51109WB1993PLC060987

Vaibhav (5F), 4, Lee Road, Kolkata – 700 020 Tel: (91 33) 4011 5400 / 6634 5400 Fax: (91 33) 2289 3401

Email ID: [investors@smifs.com](mailto:investors@smifs.com) Website: [www.smifs.com](http://www.smifs.com)

3.1.3 The Exposure Limit will be a certain multiple of the available margin. Such multiplier will be as decided by Stewart & Mackertich from time to time and may vary from Client to Client.

3.1.4 Stewart & Mackertich may from time to time impose and vary limits on the orders that the Client can place through trading system of Stewart & Mackertich, including exposure limits, turnover limits, limits as to the number, value and/or kind of securities/contracts in respect of which orders can be placed, etc. Stewart & Mackertich may need to vary or reduce the limits or impose new limits urgently on the basis of the risk perception of Stewart & Mackertich and other factors considered relevant by Stewart & Mackertich, including but not limited to limits on account of Exchange/Regulatory directions/limits (such as Broker Level /Market Level Limits in security/contract specific/volume specific exposures etc.) and Stewart & Mackertich may be unable to inform the Client of such variation, reduction or imposition in advance. Stewart & Mackertich shall not be responsible for such variation, reduction or imposition or the Clients inability to route any order through the Trading System of Stewart & Mackertich on account of any such variation, reduction or imposition of limits.

3.1.5 On a case-to-case basis Stewart & Mackertich at its sole and absolute discretion, may allow higher exposure limits to the Client. Stewart & Mackertich shall have the prerogative to allow differential purchase and sell limits varying from Client to Client, depending upon credit worthiness, integrity and past conduct of each Client. Stewart & Mackertich shall have the prerogative to determine and prescribe rules for exposure limits and intra-day trading and any other product as well as differential exposure limits for various segments.

3.1.6 In case of Cash Segment, Stewart & Mackertich may at its sole and absolute discretion allow clean exposure limits upto certain amount to the Client without insisting for any credit balance and/or margin. Stewart & Mackertich shall decide the quantum of clean exposure limit. On case-to-case basis Stewart & Mackertich may at its sole and absolute discretion, give higher clean exposure limits to certain set of the Clients. Stewart & Mackertich reserves the right to withdraw clean exposure limit granted to the Client at any point of time at its sole and absolute discretion. The Client cannot raise any concern/dispute for the same.

3.1.7 Available margin for the purpose of granting exposure is calculated as a sum of free credit balance of the Client in the books of Stewart & Mackertich, margin in the form of funds, securities of the Clients available with Stewart & Mackertich.

3.1.8 The value of securities held in the demat account of the Client for which Power of Attorney is granted in favour of Stewart & Mackertich may be taken into consideration by Stewart & Mackertich at its sole and absolute discretion, for the purpose of granting exposure to the Clients. Stewart & Mackertich reserves the right to withdraw such basis to provide exposure limit, granted to the Client at any point of time at its sole and absolute discretion. The Client cannot raise any concern/dispute for the same.

3.1.9 The choice of the securities to be considered, as Stewart & Mackertich shall determine margin at its sole discretion from time to time and the Client shall abide by the same. The categorization of the stocks and the haircut applicable is reviewed from time to time based on Regulatory Dictats, Market Information and Other Factors as deem fit by Stewart & Mackertich. Any specific event which leads to increase in risks involved related to a particular scrip would also lead to change of category/haircut of such scrip. Also, in extremely volatile market with abnormal price/volume movements, or in case of warnings by Regulators/Exchanges, scrip may be re-categorized without prior notice and the Clients shall regularize their trades accordingly. However, in respect of transactions in the Derivative – Equity Futures Segment, the list of Approved Securities, considered for maintaining margin, shall be similar to that of list decided by the respective Stock Exchanges from time to time and/or as per the list decided by the sole discretion of Stewart & Mackertich.

3.1.10 While granting the exposure limit, margin in the form of securities, will be valued as per the latest available closing price on NSE or BSE or CSE after applying appropriate haircut as may be decided by Stewart & Mackertich at its sole discretion.

## **STEWART & MACKERTICH WEALTH MANAGEMENT LTD.**

CIN: U51109WB1993PLC060987

Vaibhav (5F), 4, Lee Road, Kolkata – 700 020 Tel: (91 33) 4011 5400 / 6634 5400 Fax: (91 33) 2289 3401

Email ID: [investors@smifs.com](mailto:investors@smifs.com) Website: [www.smifs.com](http://www.smifs.com)

3.1.11 Stewart & Mackertich may from time to time depending on market conditions, profile and history of the Client, types and nature of scrip, etc. at its sole discretion charge/change the rate of haircut applicable on the securities given as margin, multiplier for granting exposure in Cash/Derivative segments and take such steps as Stewart & Mackertich may deem fit and appropriate.

3.1.12 If the order of the Client is executed despite a shortfall in the available margin, the Client shall, whether or not Stewart & Mackertich intimate such shortfall in the margin to the Client, makeup for the shortfall suo-moto immediately. The Client further agrees that he/she/it shall be responsible for all orders (including any orders that may be executed without the required margin in the account of the Client) and/or any claim/loss or damage arising out of the non-availability/shortage of margin or securities required by Stewart & Mackertich and/or Exchange and/or Regulator.

3.1.13 Stewart & Mackertich is entitled to vary the form (i.e. the replacement of the margin/security in one form with the margin or security in any other form, say, in the form of money instead of shares) and/or security required to be deposited/made available, from time to time. The margin or security deposited by the Client with Stewart & Mackertich is not eligible for any interest unless specifically agreed to.

3.1.14 Stewart & Mackertich is entitled to include/appropriate any/all pay-out of funds and/or securities towards margin/securities without requiring specific authorizations for each pay-out. Stewart & Mackertich is entitled to transfer funds and/or securities from his account for one exchange and/or one segment of the exchange to his/her/its account for another exchange and/or other segment of the same exchange whenever applicable and found necessary by Stewart & Mackertich. The Client also agrees and authorizes Stewart & Mackertich to trade/adjust his/her/its margin/security lying in one Exchange and/or one segment of the Exchange/towards the margin/security/pay-in requirements on other exchange and/or another segment of the exchange.

3.1.15 In case the Client makes the payment of the margin/security/settlement obligation/debit in account through a Bank Instrument, Stewart & Mackertich shall be at liberty to give the benefit/credit for the same only on the realization of the funds from the said bank instrument etc. at the absolute discretion of Stewart & Mackertich.

3.1.16 Where the margin/security is made available by way of securities or any other property, Stewart & Mackertich is empowered to decline its acceptance as margin/security and/or to accept it at such reduced value as Stewart & Mackertich may deem fit by applying hair-cuts or by valuing it by marking it to market or by any other method as Stewart & Mackertich may deem fit in its absolute discretion.

3.1.17 The formats provided by the Clearing Corporation of the respective Stock Exchanges and/or decided by of Stewart & Mackertich for the issuance of Bank Guarantee(s) favouring Stewart & Mackertich and/or the Clearing Corporation of the respective Stock Exchanges, shall be considered for maintaining margin.

3.1.18 The Client will have to abide by the exposure limit set by Stewart & Mackertich.

3.2 Stewart & Mackertich have devised separate procedures for setting up of Client's Exposure Limits for different market segments. These procedures for various market segments shall be as follows:

3.2.1 The following methodology shall be adhered for the purpose of calculating "Avail Exposure" for trading exposure in the **CAPITAL MARKET SEGMENT**:

3.2.1.1 "Available Cash Balance in Margin Ledger of Capital Market Segment ADD Value of Securities maintained in Margin Account of Capital Market Segment after applicable Haircut on previous days close ADD Available Free Credit Balances in Ledger Account of Capital Market Segment LESS 15% Markup Debit on Outstanding Uncleared Sale/Purchase Obligations in the Capital Market Segment"

3.2.1.2 The Trading Exposure shall be a multiple of the "Available Exposure" and such multiple shall be decided by the sole discretion of Stewart & Mackertich. In case of wide fluctuations in the stock prices and volatility, the

# STEWART & MACKERTICH WEALTH MANAGEMENT LTD.

CIN: U51109WB1993PLC060987

Vaibhav (5F), 4, Lee Road, Kolkata – 700 020 Tel: (91 33) 4011 5400 / 6634 5400 Fax: (91 33) 2289 3401

Email ID: [investors@smifs.com](mailto:investors@smifs.com) Website: [www.smifs.com](http://www.smifs.com)

standard Haircut on Securities Value maintained in Margin Account as well as 15% Markup Debit on Outstanding Un-cleared Sale/Purchase Obligations can be changed at the sole discretion of Stewart & Mackertich.

3.2.2 The following methodology shall be adhered for the purpose of calculating “Avail Exposure” for trading in the **DERIVATIVE - FUTURES MARKET SEGMENT**:

3.2.2.1 “Available Cash Balance in Margin Ledger in the Derivative Market Segment ADD Value of Securities maintained in Margin Account of Derivative Market Segment after applicable Haircut on previous days close ADD Available Free Balances in Ledger Account of Derivative Market Segment”

3.2.2.2 The Trading Exposure in the Derivative - Futures Market Segment(s) shall be based on the Initial Margin and Exposure Margin as levied by the respective Stock Exchanges based on the VAR Margin percentage of individual indices and stocks. In case of wide fluctuations in the stock prices and volatility, the standard Haircut on Securities Value maintained in Margin Account can be revised upwards at the sole discretion of Stewart & Mackertich.

3.2.2.3 As per Exchange requirement, the member broker is required to take additional measure for equity derivatives segment, the client margins which are required to be compulsorily collected and reported to the Exchange/Clearing Corporation, as the case may be, by the Clearing members/Trading members shall include initial margin, exposure margin/extreme loss margin, calendar spread margin and mark to market settlements.

3.2.2.4 As per the present Exchange requirements, the Member Broker is required to maintain 50:50 ratio between cash and collateral margin deposited with the Exchange. Stewart & Mackertich shall therefore have the prerogative to insist for margin in the similar ratio as mandated by the Exchange from its Clients and may not consider the value of securities over and above the cash component for the purpose of calculating margins shortfall. Sales made in capital market segment shall not be considered on “T” & “T+1” day, while calculating margins on Derivative positions.

3.2.3 The following methodology shall be adhered for the purpose of calculating “Avail Exposure” for trading exposure in the **DERIVATIVE - OPTIONS MARKET SEGMENT**:

3.2.3.1 “Available Cash Balance in Margin Ledger in the Derivative Market Segment ADD Available Free Balances in Ledger Account of Derivative Market Segment”

3.2.3.2 The Trading Exposure shall be based on the premium value payable to the respective Stock Exchange upon “Purchase of Options”. The Trading Exposure shall be based on the Initial Margin and Exposure Margin as levied by the respective Stock Exchanges based on the VAR Margin percentage of individual indices and stocks, upon “Sale of Options”. The Clients(s) shall have to maintain “upfront margin” in the form of Cash for availing trading exposures in the Derivative - Options Market Segment(s).

## **4. Limit Setting for Exposures & Turnover:**

4.1 Stewart & Mackertich shall follow a systematic approach for setting limits for trading.

4.1.1 The limits shall be set on both client level basis as also on terminal/sub-broker/branch basis/Authorised Person.

4.1.2 Limits shall be set on the following parameters to ensure that at any point of time, no large orders of wrong quantities/wrong rates can be placed from the terminals:

- a) Quantity Limit for each Order.
- b) Value Limit for each Order.
- c) User Value Limit for each User Id.
- d) Branch Value Limit for each Branch Id.
- e) Security Wise Limit for each User Id.

# STEWART & MACKERTICH WEALTH MANAGEMENT LTD.

CIN: U51109WB1993PLC060987

Vaibhav (5F), 4, Lee Road, Kolkata – 700 020 Tel: (91 33) 4011 5400 / 6634 5400 Fax: (91 33) 2289 3401

Email ID: [investors@smifs.com](mailto:investors@smifs.com) Website: [www.smifs.com](http://www.smifs.com)

4.1.3 All the limits shall be reviewed regularly by the RMS Officer.

4.1.4 All the Branch, Authorised Person registered with NSE and BSE or User shall have defined limits and No User, Branch and Authorised Person in the System shall be provided un-limited limits.

4.1.5 Defined number of variables and set of parameters like outstanding sales positions, outstanding purchase positions, outstanding square off positions etc. apart from the usual ledger balances, cash margins and securities margins (after haircut) shall be considered for setting limits. Mark ups and mark downs shall be charged at particular rates on these outstanding positions to arrive at the exact amount 'available capital' for each of the clients. These figures shall be uploaded on the CTCL database on a daily basis.

4.1.6 The clients shall be allowed to take exposure at "x" multiples on the said 'available capital'. The multiples shall be based upon the analysis of the clients' profile, financial ability, time since he has been registered with us, history and past performance, etc. Thus a client inspite of having credit balance cannot take further exposure because of his outstanding settlements. Similarly, a client having debit balance cannot take further exposure.

4.1.7 All debit balances more than 5 days shall be marked and the limits shall be given only for SELLING to ensure the realization.

## **5. Margin Collection from Clients:**

5.1 Risk Management System has been devised to ensure that there shall be no violations in the capital adequacy requirements with the exchanges and thus risks shall be minimized.

5.2 Risk containment measures include upfront margin collection from clients, trading exposure on basis of margins collected from clients, online surveillance of client positions, liquidating client positions to the extent of client dues, squaring off client positions when client margin requirements are breached.

5.3 Margins collected from the clients shall be of any of these forms:

- a) Margins shall be accepted in Cash vide Account Payee Cheques (Preferably a Transfer Cheque or Direct Transfer) from the client issued from their accounts declared at the time of opening their securities account.
- b) Margins shall be accepted vide Approved Securities as per list provided by Stewart & Mackertich from time to time, which shall be valued subject to scrip-wise applicable hair cut based on Var Margin + Extreme Loss Margin in the CM segment.
- c) Securities which are actively traded on the National Exchanges, which are specifically not declared as illiquid securities (by the Exchanges) shall only be considered towards margin collection in the form of Securities.
- d) At least 50% of the Effective Deposits shall be in the form of cash.

## **6. Funds Pay-In/ Out:**

6.1 Stewart & Mackertich shall not receive/pays in cash.

6.2 Stewart & Mackertich shall make/receive payment on by cheque or through E-Net.

6.3 Stewart & Mackertich shall accept payments of Funds for Pay-In and/or Cash Margin from the Bank Account(s) declared by the Client(s) in the KYC form and/or updated by the Client(s) thereafter.

6.4 Stewart & Mackertich shall not receive Pre-Funded Instruments from its Client and shall follow the Pre-Funded Instrument Policy as approved by the Board of Directors of the Company.



# STEWART & MACKERTICH WEALTH MANAGEMENT LTD.

CIN: U51109WB1993PLC060987

Vaibhav (5F), 4, Lee Road, Kolkata – 700 020 Tel: (91 33) 4011 5400 / 6634 5400 Fax: (91 33) 2289 3401

Email ID: [investors@smifs.com](mailto:investors@smifs.com) Website: [www.smifs.com](http://www.smifs.com)

6.5 Stewart & Mackertich shall NOT accept Funds for Pay-In and/or for the purpose of Margin, from any undeclared Bank Account that has not been declared by the Client.

6.6 In case the Funds are inadvertently accepted and/or forcibly credited to the Bank account of Stewart & Mackertich, in such circumstances, credits shall not be given to the clients and shall be rejected and returned back to the source account upon careful due diligence.

6.7 Stewart & Mackertich shall settle account on T+2 day in the Capital Market Segment.

6.8 Stewart & Mackertich shall make Full payment of fund within one working day of receiving the relevant pay out from the Exchange or as per specific instruction received from clients.

6.9 Stewart & Mackertich shall collect Full payment of fund from the respective clients before Pay in of the respective exchange.

6.10 Stewart & Mackertich shall settle account on T+1 day in the Derivative Market Segment.

6.11 Stewart & Mackertich shall make Full payment of Mark to Market profit within one working day of receiving the relevant pay out from the Exchange or as per specific instruction received from clients.

6.12 Stewart & Mackertich shall collect Full payment for Mark to Market losses from the respective clients before Pay-In of the respective exchange.

6.13 Stewart & Mackertich shall make Pay-Out of funds to clients only after receiving securities due for Pay-in and after adjusting all types of Margins.

6.14 Stewart & Mackertich, under written authorization from the client, may retain the pay-out of funds for margins and/or future pay-in obligation on a running account basis with all exchange/segment net balance criteria. The inter exchange/segment Journal Entry shall be passed whenever required.

6.15 Stewart & Mackertich shall Withhold payout of funds on securities sold in respect of which unsolicited messages being circulated ("SMS Stocks") and transfer the same to the designated Bank Account earmarked for this purpose as directed by Stock Exchange(s)/SEBI from time-to-time.

## **7. Securities Pay-In/ Pay-Out:**

7.1 Stewart & Mackertich shall accept securities of Securities for Pay-In and/or Securities Margin from the Demat Account(s) declared by the Client(s) in the KYC form and/or updated by the Client(s) thereafter.

7.2 Stewart & Mackertich shall NOT accept Securities for Pay-In and/or for the purpose of Margin, from any undeclared Demat Account that has not been declared by the Client.

7.3 In case the Securities are inadvertently accepted and/or forcibly credited to the Pool Account and/or Margin Account of Stewart & Mackertich, in such circumstances, credits shall not be given to the clients and shall be rejected and returned back to the source account upon careful due diligence.

7.4 Stewart & Mackertich shall deliver securities within one working day of receiving the relevant pay out from the Exchange to the respective clients or as per specific instruction received from clients.

7.5 Stewart & Mackertich shall collect securities from the respective clients before Pay-In of the respective exchange.

# STEWART & MACKERTICH WEALTH MANAGEMENT LTD.

CIN: U51109WB1993PLC060987

Vaibhav (5F), 4, Lee Road, Kolkata – 700 020 Tel: (91 33) 4011 5400 / 6634 5400 Fax: (91 33) 2289 3401

Email ID: [investors@smifs.com](mailto:investors@smifs.com) Website: [www.smifs.com](http://www.smifs.com)

7.6 Stewart & Mackertich shall make Pay-out of Securities to the clients only after receiving clear balances for pay-in of funds from clients.

7.7 Stewart & Mackertich, under written authorization from the client, may retain the pay-out of Securities for margins and/or future pay-in obligation with all exchange/segment net balance criteria.

## **8. Monitoring of Debit Balances:**

8.1 The Risk Management Team shall monitor the debit balances of the client on a daily basis.

8.2 The clients shall be advised to make payments of their dues by T+1 day or by T+2 day.

8.3 In case the clients have not cleared their dues by T+3 day, the respective codes shall be marked for "ONLY SELL" over the Trading Terminals where the clients shall not be allowed to open fresh positions.

8.4 In case of the clients having debit balances, the payout of securities shall be withheld. In case the clients fail to clear their dues within 3 days, the Branch Manager shall follow up with the clients and inform them that in case the dues are not cleared, the same shall be realized by selling their collaterals as well as payout of securities held back in accordance to the Liquidation of Client Position Policy as approved by the board of Directors of the Company.

8.5 Branch Head and Compliance Officer shall regularly monitor Debit Balances of clients and conduct ageing analysis of the Debit Balances, outstanding from the clients, on monthly basis and categorize them as: a) High Risk; b) Medium Risk; c) Low Risk.

8.5.1 Those clients whose outstanding dues remain more than 30 days Stewart & Mackertich shall classify them into **High Risk category** and efforts shall be made to realize the money at the earliest.

8.5.2 Those clients whose outstanding dues remain more than 15 days but less than 30 days, Stewart & Mackertich shall classify them into **Medium Risk category** and efforts shall be made to realize the money at the earliest.

8.5.3 Those clients whose outstanding dues remain more than 7 days but less than 15 days, Stewart & Mackertich shall classify them into **Low Risk category**.

8.6 In case of Huge Debits with Single Scrip Concentration, for any client, if the outstanding debit exceeds a certain amount and concentration is in a particular security on account of buying done / collateral provided, Stewart & Mackertich may restrict the client from further buying or trading in that security. The client will be allowed to place only sell orders to reduce the debit. Stewart & Mackertich will take discretionary decision to allow the client to trade if he brings in fresh Funds to clear the Debit or brings in different security as collaterals other than security which forms the significant concentration. The Clients Position may be squared off if necessary to reduce the debit.

8.7 Stewart & Mackertich may in exceptional circumstances, in the rarest of the rare cases, institute legal cases for the realization of Debits, upon approval of the Board of Directors of the Company.

8.8 The statement of accounts shall be sent to clients upon settlement of Funds & Securities as well as at the end of each Calendar Quarter, to ensure that the balances are reconciled at regular intervals with the clients, to identify errors/disputes, if any and such errors/disputes are resolved at the earliest to ensure timely action.

## **9. Imposition of Penalty/Delayed Payment Charges:**

### **9.1 Delayed Payment Charges:**



## **STEWART & MACKERTICH WEALTH MANAGEMENT LTD.**

CIN: U51109WB1993PLC060987

Vaibhav (5F), 4, Lee Road, Kolkata – 700 020 Tel: (91 33) 4011 5400 / 6634 5400 Fax: (91 33) 2289 3401

Email ID: [investors@smifs.com](mailto:investors@smifs.com) Website: [www.smifs.com](http://www.smifs.com)

9.1.1 Pursuant to Exchange Bye-Laws, the Member Broker is currently required to compulsorily settle funds and securities within the stipulated time period as notified by the Exchanges for any transactions executed by a Client in any of the respective Stock Exchanges and/or market segments.

9.1.2 Further the Member Broker is also required to maintain adequate upfront margins with the Exchange to avail exposure for Trading. The Exchanges have also defined the ratios in which the Cash and Collaterals are to be deposited and maintained by the Member Broker. In addition the Exchange requires the member broker to deposit some of the margins like Mark-To-Market (MTM), cash only.

9.1.3 Under the circumstances, the Client shall settle all obligations with regard to Funds and Securities before the pay-in deadline as notified by the Exchanges for any transactions executed by the Client in any of the respective Stock Exchanges and/or market segments, where the Client shall deal. That in case the Client fails to settle the obligations with regard to funds and securities before the stipulated pay-in deadline as notified by the Exchanges for any transactions executed by the Client in any of the respective Stock Exchanges and/or market segments, Stewart & Mackertich would be at liberty to do the following:

9.1.3.1 Withhold payout of securities in the Hold Back Account of Stewart and Mackertich for the securities purchased by the Client, for which the Client has not settled fund obligations.

9.1.3.2 Withhold payout of funds in case a part of securities have remained undelivered/ unsettled before pay-in deadline against sale obligations of the Client, till auction pay-in and pay-outs settlement.

9.1.3.3 Stewart & Mackertich shall NOT charge penal interest to its clients, in principle, as the clients shall not be allowed to keep continuous debit balances. However in the rarest of the rare cases, where teething problems shall arise delayed payment penalty charges upto @ 24% per annum for the number of days of failure by the Client may be charged with regard to settlement of funds. The number of days of default would be determined from the pay-in day.

9.1.4 Delayed payment penalty charges are only a penal measure. The Client should not construe it as a funding arrangement and shall not demand continuation of service on a permanent basis, citing levy of delayed payment charges.

9.1.5 Stewart & Mackertich is authorized by the Client to charge a delayed payment penalty charges upto @ 24% per annum where the Client takes exposure in the Derivative Segment by depositing collaterals in a ratio which is disproportionate to the cash versus collaterals ratio prescribed by the Exchanges.

9.1.6 While levying delayed payment charges or interest on the debit balance in the running account of the Client, Stewart & Mackertich will not consider any credit balance in the other family or group account of the Client.

9.1.7 The Client is entitled to forthwith release of funds lying credit to its ledger, on pay-out. In case the Client has authorized Stewart & Mackertich to maintain a running ledger account in writing, a written request to the Branch In-charge of Stewart & Mackertich, is to be made for the release of funds. Such release of funds would be however subject to un-discharged liabilities of the Client.

9.1.8 In case Stewart & Mackertich fails to discharge its responsibilities with regard to funds pay-out due and payable to the Client, it would attract an interest penalty of 18% per annum for the number of days of delay of such fund settlement, payable by Stewart & Mackertich from the date of the pay-out and/or the date of receipt of specific request from the Client for such settlement.

9.1.9 Stewart & Mackertich, in exceptional circumstances, in the rarest of the rare cases, when legal cases are instituted for the realization of Debts, interest shall be levied as decided by the Court.

# STEWART & MACKERTICH WEALTH MANAGEMENT LTD.

CIN: U51109WB1993PLC060987

Vaibhav (5F), 4, Lee Road, Kolkata – 700 020 Tel: (91 33) 4011 5400 / 6634 5400 Fax: (91 33) 2289 3401

Email ID: [investors@smifs.com](mailto:investors@smifs.com) Website: [www.smifs.com](http://www.smifs.com)

## 9.2 Imposition of Penalties:

9.2.1 The Exchange/Clearing Corporation/SEBI levies penalties on the Member Broker for irregularities observed by them during the course of business. Stewart & Mackertich shall recover such imposed penalties/levies, if any, by the Exchange/Regulators, from the Client, which arise on account of dealings by such Client. Violations for which penalties may be levied are as follows:

- a) Auction of Securities pursuant to short deliveries/non deliveries against sale by the Client.
- b) Short Margin reporting in the Derivative Market Segment.
- c) Any Other Reasons which the Exchanges/Clearing Corporation/SEBI may specify from time to time.

9.2.2 Such recovery would be accounted by way of debit in the ledger of the Client and amounts would be adjusted against the dues.

9.2.3 The trading activity of the Client should not be aimed at disturbing market equilibrium or manipulating market prices etc. If the Client does so, Stewart & Mackertich may keep in abeyance the pay-out of funds and/or securities till such time that the Client has been able to clearly demonstrate that his/her/its actions were not malafide in any manner.

9.2.4 Stewart & Mackertich may impose fines/penalties for any orders/trades/deals/actions of the Client which are contrary to any of the rules/regulations/bye-laws of the Exchange or any other law for the time being in force, at such rates and in such form as it may deem fit. Further where Stewart & Mackertich has to pay any fine or bear any punishment from any authority in connection with/as a consequence of/in relation to any of the orders/trades/deals/actions of the Clients the same shall be borne by the Client.

9.2.5 If the Client gives orders/trades in the anticipation of the required securities being available subsequently for pay-in through anticipated pay-out from the exchange or through borrowings or any off-market deliveries or market deliveries and if such anticipated availability does not materialize in actual availability of securities/funds for pay-in for any reason whatsoever including but not limited to any delays/shortages at the exchange or Broker level etc., the losses which may occur to the Client as a consequence of such shortages in any manner, such as on account of auctions/square-off/closing outs etc., shall be solely to the account of the Client and the Client agrees not to hold Stewart & Mackertich responsible for the same in any form or manner whatsoever. Without prejudice to the foregoing, the Client shall also be solely liable for all and any penalties and charges levied by the exchange(s).

9.2.6 In case Open position (i.e. Short/Long) gets converted into delivery due to non-square off because of any reason whatsoever, the Client will provide securities/funds to fulfill the pay-in obligation failing which the Client will have to face auctions/internal close-outs, in addition to this the Client will have to pay penalties and charges levied by exchange in actual and losses if any. Without prejudice to the foregoing, the Client shall also be solely liable for all and any penalties and charges levied by the exchange(s).

9.2.7 Stewart & Mackertich provide exposure against the upfront margin received in the form of Cash/Collateral from the Client and the Client also has the prerogative to demand withdrawal of cash and Collaterals at its discretion. The Client will not be entitled to any interest or other benefit on the credit balance/surplus margin available/kept with Stewart & Mackertich.

## **10. Derivative Trading, Recovery of MTM Loss & Squaring off Derivative positions for margin shortfall:**

10.1 Trading in Equity Shares, Derivative Contracts (in Equity, Currency, Commodities & Interest) or other instruments traded on the Stock Exchange(s), which have varying element of risk, is generally not an appropriate avenue for someone of limited resources/limited investment and/or trading experience and low risk tolerance. Clients shall therefore carefully consider whether such trading is suitable for them in the light of their financial condition. In case clients trade on Stock Exchanges and suffer adverse consequences or loss, the client shall be

# STEWART & MACKERTICH WEALTH MANAGEMENT LTD.

CIN: U51109WB1993PLC060987

Vaibhav (5F), 4, Lee Road, Kolkata – 700 020 Tel: (91 33) 4011 5400 / 6634 5400 Fax: (91 33) 2289 3401

Email ID: [investors@smifs.com](mailto:investors@smifs.com) Website: [www.smifs.com](http://www.smifs.com)

solely responsible for the same and Stock Exchanges/its Clearing Corporation/ SEBI and/or Stewart & Mackertich shall not be responsible, in any manner whatsoever, for the same and it will not be open for the Clients to take a plea that no adequate disclosure regarding the risks involved was made or that the Client were not explained the full risk involved by Stewart & Mackertich. The Client shall be solely responsible for the consequences and no contract can be rescinded on that account. The Client acknowledge' s and accept' s that there can be no guarantee of profits or no exception from losses while executing orders for purchase and/or sale of a derivative contract/s being traded on Stock Exchanges.

10.2 That in the Derivative Contracts, 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, with unlimited gains and/or unlimited losses.

10.3 That 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 Client understands that it may lose all or a significant part of his investment in the option.

10.4 That the Exchanges may impose exercise restrictions and have absolute authority to restrict the exercise of options at certain times in specified circumstances. That if the price movement of the underlying is not in the anticipated direction, the option writer runs the risks of losing substantial amount.

10.5 That 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.

10.6 That 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 of transactions, such as option spreads, are more complex than buying or writing a single option and as in any area of investing, a complexity not well understood is, in itself, a risk factor.

10.7 That 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.

10.8 That 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, my/our order may only be partially executed, or may be executed with relatively greater price difference or may not be executed at all.

10.9 That 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.

# STEWART & MACKERTICH WEALTH MANAGEMENT LTD.

CIN: U51109WB1993PLC060987

Vaibhav (5F), 4, Lee Road, Kolkata – 700 020 Tel: (91 33) 4011 5400 / 6634 5400 Fax: (91 33) 2289 3401

Email ID: [investors@smifs.com](mailto:investors@smifs.com) Website: [www.smifs.com](http://www.smifs.com)

10.10 The Client understands that it shall be cautious to note that although these problems may be temporary in nature, but when the Client shall have outstanding open positions or unexecuted orders, these may represent a risk because of its obligations to settle all executed transactions.

10.11 As a matter of routine Risk Management and Compliance Procedures, it would be prudent to limit client's future exposure strictly as par with the initial margin collected and the client's ability to meet MTM loss quickly as advised by the Clearing Member/ Stock Exchanges, and the same is recovered from clients on T+1 day on the basis of Margin Short Collection Report. On the client's failure to put in additional margin to make good the MTM loss, it is imperative that the relative F&O position is squared off before margin short collection positions are uploaded to the Exchanges.

10.12 The RMS Desk would intimate the Clients about their open positions and margin shortfall to the Clients which are dynamically accessible to the clients though their secured access to Back Office Software. The Clients having open positions should check their MTM and Margin Obligations without failure on a regular basis as Margin and MTM Obligations change dynamically during the course of the day. Normally a time limit up to 1.30 p.m. are provided to the Clients for the purpose to transfer the required MTM and Margin Obligations to ensure Compliance and avoid Penalties for any shortfall and such intraday time limit can be relaxed upon the sole discretion of Stewart & Mackertich. Clients should proactively intimate and instruct RMS Desk of transfer of surplus funds from Cash Segment to F&O Segment to augment margin or tender Cheque /securities covering the shortfall amount.

10.13 Stewart & Mackertich may at its sole discretion close open positions to cover risks in case the client fails to comply with any Margin Requirements as stipulated by the Exchanges as also if MTM losses breach 60% of the collateral deposits maintained by the Client. All open positions shall be squared off by Risk Management Team at the prescribed cut-off time on the same day of their acquisition in case of Intra-Day Positions, unless the positions are sooner squared off upon the positions incurring a loss to the extent of the prescribed maximum limit or more as may be determined by Stewart & Mackertich from time to time. The Square-Off of open positions shall be on best effort basis and that if for any reason beyond your control, like force majeure causes, 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 positions could not be squared off on T-Day and are carried forward to T+1 Day, the square off such open positions shall be executed on a best effort basis, as soon as may be, and any and all losses, including but not limited to price difference, margin shortfall, surveillance margin, penalty, interest, etc., arising from such events will be to the account of the Client.

10.14 The Client agrees and voluntarily accepts that it shall not hold Stewart & Mackertich, its Directors, Key Managerial Persons, Officers or employees liable for any losses which it may sustain and incur as a consequence of availing Derivative Trading Facility.

## **11. Liquidation of Securities without Consent of Clients**

11.1 The Client needs to furnish adequate margin as specified by Stewart & Mackertich from time to time from its sole and absolute discretion. It shall be the responsibility of the Client to ascertain in advance the margin requirement for its order/trades/deals and to ensure that the required margin is made available to Stewart & Mackertich in such form and manner as may be required by Stewart & Mackertich.

11.2 The margin will have to be paid within the time frame stipulated by the Exchanges or Stewart & Mackertich, generally in case of fresh positions upfront, in case of Mark-to-Market and/or any other additional margins before the commencement of trading on next trading day and in case where the exchanges levy and/or increase any margin required during the day, immediately upon levy and/or increase in any such margin.

11.3 The Client shall fulfill all its settlement obligations within the time frame, stipulated by Stewart & Mackertich or the Exchanges, whichever is earlier. The Client shall ensure timely availability of funds/securities in designated form

## **STEWART & MACKERTICH WEALTH MANAGEMENT LTD.**

CIN: U51109WB1993PLC060987

Vaibhav (5F), 4, Lee Road, Kolkata – 700 020 Tel: (91 33) 4011 5400 / 6634 5400 Fax: (91 33) 2289 3401

Email ID: [investors@smifs.com](mailto:investors@smifs.com) Website: [www.smifs.com](http://www.smifs.com)

and manner at designated time and in designated bank and depository account(s) at designated place, for meeting its pay-in obligations of funds and securities. Stewart & Mackertich shall not be responsible for any claim/loss/damage arising out of non-availability/short-availability of funds/securities by the Client in the designated account(s) of Stewart & Mackertich for meeting the pay-in obligation of either funds or securities.

11.4 Stewart & Mackertich shall have right to sell securities of the Client, both on paid securities as well as collaterals deposited towards margins, or close-out open positions of the Client, without giving notice to the Client where there is a delay/failure of the Client to meet the pay-in obligations and/or there is a failure of the Client to bring additional margins to cover the increase in risk in the dynamic market conditions.

11.5 As per the present Exchange requirements, the Member Broker is required to maintain 50:50 ratios between cash and collateral margin deposited with the Exchange. Stewart & Mackertich shall therefore have the prerogative to insist for margin in the similar ratio as mandated by the Exchange from its Clients and may not consider the value of securities over and above the cash component for the purpose of calculating margins shortfall and close the Derivative position where it finds the deviation. However, sales made in capital market segment are not considered while closing Derivative positions on T and T+1 basis due to margin shortfall.

11.6 There should be morning intimation from RMS to Branches intimating the names of the clients whose positions are to be exited. Normally a time limit up to 1.30 p.m. can be given for the purpose so that clients can transfer surplus margin from Cash Segment to F&O Segment to augment margin or tender Cheque /securities covering the shortfall amount.

11.7 Stewart & Mackertich has the right but not the obligation to cancel all pending orders and to sell/close/liquidate all open positions/securities/shares at the pre-defined square-off time or when mark-to-market (MTM) percentage reaches or crosses stipulated margin percentage decided by Stewart & Mackertich. Stewart & Mackertich will have sole discretion to decide referred stipulated margin percentage depending upon the market conditions. Such margin percentage will be communicated from time-to-time orally or through e-mails or through its Trading Terminals, Branch representatives etc. However in the event of extreme volatility and/or open position (outstanding) of Client resulting in mark to market losses beyond margin percentage of Stewart & Mackertich anytime during the trading session, and/or positions of the Client or collateral being not saleable, thereby forcing Stewart & Mackertich liquidate any of the available positions of the Client and collateral same shall be done by Stewart & Mackertich during the course of Trading Session without recourse to the Client.

11.8 In the event of such Square-Off, the Client agrees to bear all the losses (actual or notional), financial charges, damages based on account of such liquidation/sale/closing-out on actual executed prices.

11.9 Stewart & Mackertich is entitled to prescribe the date and time by which the margin/security is to be made available and Stewart & Mackertich may refuse to accept any payments in any form after such deadline for margin/security expires. If the Client fails to maintain or provide the required margin/fund/security or to meet the funds/margins/securities pay-in obligations for the orders/trades/deals of the Client within the prescribed time and form, Stewart & Mackertich shall have the right without any further notice or communication to the Client to take any one or more following steps:

- a) To withhold any pay-out of funds/securities.
- b) To withhold/disable the trading of the Client.
- c) To liquidate one or more securities of the Client by selling the same in such manner and at such rate which Stewart & Mackertich may deem fit in its absolute discretion. It is agreed and understood by the Client that securities here includes securities, which are pending delivery/receipt.
- d) To liquidate/square-off partially or fully the position of sale and/or purchase in any one or more securities/contracts in such manner and at such rate which Stewart & Mackertich may decide in its absolute discretion.
- e) To take any other steps, which in the given circumstances, Stewart & Mackertich may deem fit.



## STEWART & MACKERTICH WEALTH MANAGEMENT LTD.

CIN: U51109WB1993PLC060987

Vaibhav (5F), 4, Lee Road, Kolkata – 700 020 Tel: (91 33) 4011 5400 / 6634 5400 Fax: (91 33) 2289 3401

Email ID: [investors@smifs.com](mailto:investors@smifs.com) Website: [www.smifs.com](http://www.smifs.com)

11.10 The Client agrees that the losses if any, on account of any one or more steps enumerated herein above been taken by Stewart & Mackertich, shall be borne exclusively by the Client alone and agrees not to question the reasonableness, requirements, timings, manner, form, pricing, etc., which shall be chosen by Stewart & Mackertich.

11.11 Stewart & Mackertich may follow the LIFO method for liquidation of securities but it may not be binding on it to follow this method in all cases.

11.12 Stewart & Mackertich shall have right to close-out any intra-day positions taken by the Client after a defined "Cut-Off" time as decided by Stewart & Mackertich. Such "Cut-Off" time will be communicated from time-to-time orally or through e-mails or through its Trading Terminals, Branch representatives etc.

11.13 In case of failure to comply with any provisions of the Bye Laws, Rules and Regulations of the Exchange/Clearing Corporation, requirements of the Exchange/Clearing Corporation including the requirements pertaining to the position limits as imposed by the relevant authority from time to time, the relevant authority may at its discretion, either on its own or on the advice from the Clearing Corporation, without notice close-out open positions to the extent possible or take any such measures or actions, as may be deemed fit from time to time. The Client shall not hold Stewart & Mackertich/Exchange(s) responsible for losses, if any, on such measures or actions.

11.14 Stewart & Mackertich shall have the right to sell securities of the Client or Close-Out open positions of the Client but it shall not be under any obligations to undertake this exercise compulsorily. Stewart & Mackertich shall therefore not be under any obligation to compensate/or provide reasons of any delay or omission on its part to sell securities of the Client or close open positions of the Client.

11.15 **Restriction for Further Position:** An illustrated list of circumstances in which Stewart & Mackertich may not allow the Client to take further positions or may Close/Liquidate a part or whole of the existing position of the Client are as follows:

- a) Failure by the Client in providing sufficient/adequate margin(s) and/or insufficient/inadequate free credit balance available in the account of the Client.
- b) If the Client fails to deposit the margin/additional margin by the deadline or if an outstanding debit occurs in the account of the Client beyond the stipulated time period.
- c) If the Client fails to maintain, the requisite margin, in such form and manner, as may be specified by Stewart & Mackertich, from time-to-time.
- d) Settlement obligations are not paid by the Client within the time frame allowed by the Exchanges or as per the norms specified by Stewart & Mackertich from time-to-time at its sole and absolute discretion.
- e) Securities falling in the category of Penny Stocks/Illiquid Stocks/Contacts/Options as described in Policy (I) above.
- f) List of securities marked ("**SMS Stocks**") published by the Exchange(s) from time-to-time
- g) Trades, which apparently in the sole and absolute discretion of Stewart & Mackertich seems to be synchronized trades/circular trading/artificial trading/manipulative in nature, etc.
- h) In case any Relevant Authority is of the Opinion that a particular underlying no longer meets its requirements for Trading or is not eligible for Trading or if the Relevant Authority decided to discontinue trading in particular market segment for such reasons as it may deem fit and may in such circumstances impose restrictions on transactions that no new open positions can be taken in such underlying and/or contact that have been previously introduced.
- i) In case any Relevant Authority may limit the transactions with regard to the total number of securities and/or contracts on an underlying that a single investor and/ or group of investors acting in concert may take up and/or exercise during such time period as may be prescribed by the Relevant Authority from time to time.
- j) In case any Relevant Authority may at any time in its absolute discretion prescribe maximum long and/or short open positions for any Client and/or group of Clients with regard to quantity and/or value for any underlying and/or contact.



## **STEWART & MACKERTICH WEALTH MANAGEMENT LTD.**

CIN: U51109WB1993PLC060987

Vaibhav (5F), 4, Lee Road, Kolkata – 700 020 Tel: (91 33) 4011 5400 / 6634 5400 Fax: (91 33) 2289 3401

Email ID: [investors@smifs.com](mailto:investors@smifs.com) Website: [www.smifs.com](http://www.smifs.com)

- k) Any ban imposed on the Client by the Regulatory Authorities.
- l) The Client have been found in the opinion of Stewart & Mackertich of any misconduct, forgery, suppression of facts and falsification of information provided by the Client at the time of opening of the Trading Account with Stewart & Mackertich.
- m) Where name of the Client apparently resembles with the name appearing in the list of debarred entities published by SEBI/Exchanges [where the information available for the debarred entity (other than name) is not sufficient enough to establish that the Client and such debarred entity are one and the same].
- n) In case it is found in the opinion of Stewart & Mackertich, any terms and conditions, with regard to the Rights and Obligations and/or Policies & Procedures (both Mandatory and Voluntary), signed by the Client at the time of opening the Securities Trading Account has been violated.
- o) The Client fails to furnish documents/information as may be called for by Stewart & Mackertich from time-to-time as per regulatory requirement and/or as per its internal policy.
- p) The Client fails to comply with any provisions of the Bye Laws, Rules and Regulations of the Exchange/Clearing Corporation, requirements of the Exchange/Clearing Corporation and any Relevant Statutory & Regulatory Authorities.
- q) In the event of death or insolvency or lunacy of the Client otherwise becoming incapable of receiving and paying for or delivering or transferring securities which the Client has ordered to be bought or sold.
- r) Depending on the market circumstances if Stewart & Mackertich is of the view that the positions of the Client are at risk then Stewart & Mackertich may close the existing position without waiting for the pay-in schedules of the exchanges.
- s) In case in the opinion and sole discretion of Stewart & Mackertich, that such further position would be adverse and detrimental to the Compliance Requirement with regard to any provisions of the Bye Laws, Rules and Regulations of the Exchange/Clearing Corporation, requirements of the Exchange/Clearing Corporation and any Relevant Statutory & Regulatory Authorities.

11.16 Stewart & Mackertich may at any time at its sole discretion and without prior notice, prohibit or restrict the Clients ability to place orders or trade in securities/contract through Stewart & Mackertich, or it may subject any order placed by the Client to a review before its entry into the trading systems and may refuse to execute/allow execution of orders due to but not limited to the reason of lack of margin or contracts which are not in the permitted list of Stewart & Mackertich/Exchange(s)/any other Regulatory Body or the order being outside the limits set by Stewart & Mackertich/Exchange and any other reasons which Stewart & Mackertich may deem appropriate in the circumstances. The Client shall not hold Stewart & Mackertich/Exchange(s) responsible for losses, if any on account of such refusal or due to delay caused by such review, etc. Stewart & Mackertich is also entitled to disable/freeze the accounts and/or trading facility/any other service facility, if, in the opinion of Stewart & Mackertich, the Client has committed a crime/fraud or has acted in contradiction of these Policies and Procedures or/is likely to evade/violate any laws, rules, regulations, directions of a lawful authority whether Indian or Foreign or if Stewart & Mackertich so apprehends.

11.17 Operational Principle: These are as follows:

11.17.1 Stewart & Mackertich shall in normal circumstances avoid liquidation of Securities without informing the clients. However, in exceptional market circumstances, Stewart & Mackertich may have to resort to liquidation of securities to realize dues and cover risk of the Company. Written Authorization from the Clients shall be obtained at the time of Opening of Accounts, with regard to squaring-off client position in case of margin/pay-in default.

11.17.2 Stewart & Mackertich shall inform the client regarding the dues and margin obligations on a daily basis through e-mail/courier/Hand Delivery. The RMS Officer shall personally call upon the clients, whose margin is due, to apprise the clients of the penalties which are charged due to shortfall in Margin as well as the recourse which the Company has to most reluctantly initiate as per the Rules and Regulations laid by the Exchange/Regulator. Continuous follow up with the clients shall be made till T+4 days, regarding the dues to make good in the stipulated time period.

# STEWART & MACKERTICH WEALTH MANAGEMENT LTD.

CIN: U51109WB1993PLC060987

Vaibhav (5F), 4, Lee Road, Kolkata – 700 020 Tel: (91 33) 4011 5400 / 6634 5400 Fax: (91 33) 2289 3401

Email ID: [investors@smifs.com](mailto:investors@smifs.com) Website: [www.smifs.com](http://www.smifs.com)

11.17.3 The RMS Officer/Associate Compliance Officer shall inform the client both verbally and in writing before the liquidation of positions, detailing the exact situations/reasons wherein such unavoidable measures of squaring off had to be undertaken by the Company.

11.17.4 Records regarding margin calls made are shall be maintained by the Risk Management Department and reported to the Compliance Officer.

## **12. Refusal of Orders of Penny Stocks:**

12.1 Penny Stocks and/or Illiquid Stocks /Contracts/Options are risky investments due to thin liquidity; greater volatility factor as well as they are infrequently traded on the stock exchanges. In view of the risks involved in dealing with Penny Stocks and/or Illiquid Stocks/ Contracts/Options, Stewart & Mackertich shall generally advise its Clients to desist from trading in them.

12.2 A Security may be treated as Penny Stocks and/or Illiquid Stocks/Contracts/Options if it falls in any one category as mentioned herein below:

- ❖ List of Illiquid Securities issued by the Exchanges periodically.
- ❖ Trade-to-Trade settlement.
- ❖ "Z" – Group.
- ❖ Illiquid Options/Far Month Options/Long Dated Options.
- ❖ Any other Securities/Contracts/Options as may be decided by Stewart & Mackertich, which may be considered by Stewart & Mackertich in its sole discretion as volatile or have concentration risk at Client level or at the security level or any other reason.
- ❖ Stocks under Graded Surveillance
- ❖ Stocks where Unsolicited Messages are Circulated ("SMS – Stock")

12.3 SEBI has directed the Exchanges to draw up a list of illiquid securities based on criteria jointly agreed between BSE, NSE and SEBI and make it available to the trading members on a monthly basis and such list shall be reviewed on a monthly basis.

12.4 As trading members have been advised by the Regulatory Authorities to exercise additional due diligence while trading in Penny Stocks and/or Illiquid Stocks/Contracts/ Options, Stewart & Mackertich shall have exclusive rights and prerogative to refuse and/or to accept such orders with regard to Penny Stocks and/or Illiquid Stocks/Contracts/Options, notwithstanding the fact that the Client has adequate credit balance or margin available in his/her/its account and/or the Client had previously purchased or sold such securities through Stewart & Mackertich. In case of F & O segment, all the far Month Option contracts and third Month Option Contracts may not have buy and sell limit due to its illiquid nature. However, in all above cases if client still wish to trade then the client needs to coordinate with the respective branch and the limit will be set by Head Office after analyzing the requirement.

12.5 Stewart & Mackertich may permit restrictive acceptance of orders in such scrips in controlled environments like asking the Client to place orders at a centralized desk at Head Office instead of allowing trading in such scrips at Branch Level.

12.6 Stewart & Mackertich shall not be responsible for delay in execution of such orders and consequential opportunity loss or financial loss to the Client. Stewart & Mackertich may cancel orders in such scrips received from Clients before execution or after partial execution without assigning any reasons thereof.

12.7 Stewart & Mackertich may take appropriate declarations from the Clients before accepting such orders.

# STEWART & MACKERTICH WEALTH MANAGEMENT LTD.

CIN: U51109WB1993PLC060987

Vaibhav (5F), 4, Lee Road, Kolkata – 700 020 Tel: (91 33) 4011 5400 / 6634 5400 Fax: (91 33) 2289 3401

Email ID: [investors@smifs.com](mailto:investors@smifs.com) Website: [www.smifs.com](http://www.smifs.com)

12.8 Stewart & Mackertich shall be free to charge upfront payment for the purchase transaction in penny Stocks as well as upfront delivery in case of sale transactions of such Penny Stocks and/or Illiquid Stocks/Contracts/Options.

### **13. Refusal of Orders in Stocks which are Settled in Physical mode/ Optional Demat mode:-**

13.1 The Securities forming a part of the below group will not be allowed for trades. In case the clients have bought the shares through Stewart & Mackertich, exit route will be allowed to the clients.

BSE /NSE Group	Group Particulars
P	Scripts traded and settled in Physical mode/ Optional Demat mode
ZP	Scripts of Non-compliant companies (Non-compliance with clauses of Listing Agreement) & traded and settled in Physical mode/ Optional Demat mode
R	Rights Renunciation Forms - Settled in Physical mode
BZ	Z Category stocks settled on Trade for Trade basis.

### **14. Refusal to Accept Buy and/or Sell Orders at Abnormal Prices:**

14.1 Regulatory Authorities and Stock Exchanges have come across instances, where a Client/set of Clients were observed to be executing matched trades in illiquid securities and/or future contracts and/or options contracts reversing transactions with significant variation in prices between first and reversing trades. Such trades were executed at prices, which apparently had no relation to the price of underlying security at that point of time. Precisely the modus operandi taken in such trades wherein one Client/set of Clients trading through a particular trading member would incur a loss and the counter party Client trading through another trading member would earn a profit. In most of the cases, one or both legs of transactions were away from the current market price. Some of the trading members reported that the Clients who suffered losses failed to meet their obligations.

14.2 Regulatory Authorities and Stock Exchanges have come across instances, where a Client/set of Clients were observed to be executing large transactions in the form of block deals executed in certain scrips in the stock exchanges, which prima-facie, appear to have been negotiated in advance between the parties and then put through the Stock Exchange mechanism in a synchronized manner. Media reports appearing on the subject have also alleged that some of these transactions might have been executed by certain market participants with an ulterior motive to distort the fair price discovery in such scrips. Such market practices do not appear to be in conformity with the extant guidelines/regulations of SEBI/ Stock Exchanges.

14.3 Stewart & Mackertich would have exclusive rights and prerogative to refuse and/or to accept such orders with regard to securities in respect of which unsolicited message being circulated by the unregistered/unauthorised entities, irrespective of the facts that the clients have credit balance in their securities account.

14.4 Such types of transactions, mentioned herein above are under the regulatory purview and are hence, being scrutinized by the stock exchanges and SEBI, concurrently. SEBI/Stock Exchanges may take punitive action for any possible violation of the provisions of the extant guidelines/regulations of SEBI/Stock Exchanges against the market participants who indulge in such type of transactions.

14.5 As trading members have been advised by the Regulatory Authorities to exercise additional due diligence while trading in these securities, orders placed in such securities would be executed upon the sole discretion of Stewart & Mackertich.

14.6 Stewart & Mackertich would have exclusive rights and prerogative to refuse and/or to accept such orders with regard to Penny Stocks and/or Illiquid Stocks/Contracts/Options and/or order and/or orders which, prima facie appear to be non-genuine, notwithstanding the fact that the Client has adequate credit balance or margin

# STEWART & MACKERTICH WEALTH MANAGEMENT LTD.

CIN: U51109WB1993PLC060987

Vaibhav (5F), 4, Lee Road, Kolkata – 700 020 Tel: (91 33) 4011 5400 / 6634 5400 Fax: (91 33) 2289 3401

Email ID: [investors@smifs.com](mailto:investors@smifs.com) Website: [www.smifs.com](http://www.smifs.com)

available in his/her/its account and/or the Client had previously purchased or sold such securities/contracts through Stewart & Mackertich.

14.6 In view of the above, the Client(s) would not be allowed to place both buy and sell orders at abnormal prices and/or price differences in the Cash Market Segment, Future Market Segment and in case of option contracts, that might not have any relevance to the movement in prices in underlying securities at that point of time.

14.7 Stewart & Mackertich may permit restrictive acceptance of orders in such Penny Stocks and/or Illiquid Stocks/Contracts/Options in controlled environments like asking the Client to place orders at a centralized desk at Head Office instead of allowing trading in such Penny Stocks and/or Illiquid Stocks/ Contracts/ Options at Branch Level.

14.8 Stewart & Mackertich shall not be responsible for delay in execution of such orders and consequential opportunity loss or financial loss to the Client.

14.9 Stewart & Mackertich may cancel orders in such Penny Stocks and/or Illiquid Stocks/ Contracts/ Options received from Clients before execution or after partial execution without assigning any reasons thereof.

14.10 Stewart & Mackertich may take appropriate declarations from the Clients before accepting such orders.

## **15. Graded Surveillance Measures (GSM):**

15.1 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 such as reduction in price band, periodic call auction and transfer of securities to Trade to Trade category from time to time. The main objective of these measures is to;

- alert and advice investors to be extra cautious while dealing in these securities and
- advice market participants to carry out necessary due diligence while dealing in these securities.

15.2 In continuation to various surveillance measures already implemented, SEBI and Exchanges, pursuant to discussions in joint surveillance meetings, have decided that along with the aforesaid measures there shall be additional Graded Surveillance Measures on securities which witness an abnormal price rise not commensurate with financial health and fundamentals like Earnings, Book value, Fixed assets, Net worth, P/E multiple, etc.

15.3 The list of such securities identified under GSM shall be informed to market participants separately and shall be available on exchanges website.

15.4 Further, GSM framework shall come in to action one week from the publishing of the list.

15.5 All market participants 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 to trade category,
- requirement of depositing additional amount as Surveillance Deposit, which shall be retained for an extended period.
- once in a week trading,
- once in a month 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

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

# STEWART & MACKERTICH WEALTH MANAGEMENT LTD.

CIN: U51109WB1993PLC060987

Vaibhav (5F), 4, Lee Road, Kolkata – 700 020 Tel: (91 33) 4011 5400 / 6634 5400 Fax: (91 33) 2289 3401

Email ID: [investors@smifs.com](mailto:investors@smifs.com) Website: [www.smifs.com](http://www.smifs.com)

15.7 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.

15.8 The members trading in the identified securities either on their own account or on behalf of clients shall be kept under close scrutiny by the exchange and any misconduct shall be viewed seriously.

15.9 The detailed criteria for shortlisting & review of securities under GSM Framework is given below:

## **Criteria I:**

The following criteria shall be made applicable for inclusion of securities under GSM Framework.

1. Securities with latest available Net worth (Share Capital + Reserves & Surplus – debit balance in P&L) less than or equal to Rs. 10 crores; AND
2. Securities with latest available Net Fixed Assets (Tangible Assets + Capital Work in Progress) less than or equal to Rs. 25 crores; AND
3. Securities with PE greater than 2 times PE of Benchmark Index (Nifty 500 or S&P BSE 500) OR negative PE.

The following securities shall be excluded from the process of shortlisting of securities under GSM:

1. Securities where the price discovery is yet to take place as per the provision of SEBI circulars CIR/MRD/DP/01/2012 and CIR/MRD/DP/02/2012 dated January 20, 2012.
2. Securities already under suspension;
3. Securities on which derivative products are available;
4. Securities as a part of any index (NSE or BSE);
5. Public Sector Enterprises and its subsidiaries, if available;
6. Securities listed during last 1 year through Initial Public Offering (IPO);
7. Securities which have paid dividend for each of last three preceding years;
8. Securities with Institutional holding greater than 10% only if following conditions are met:
  - a. If the promoter entity has not offloaded any share in the last 5 years; AND
  - b. The current trading price of the security is within the range of High & Low price in last 3 years of the respective security.
9. Securities listed through Scheme of Arrangement involving Merger / Demerger during last 1 year:

In case of demerger, the following condition shall be applicable:

1. If the parent company is under purview of GSM, the resultant demerged companies shall also attract GSM.
2. If the parent company is not under purview of GSM, the resultant demerged companies shall not be part of GSM at the time of demerger and shall be considered during the subsequent quarterly review.

In case of merger of companies, if any of the securities at time of merger are under the purview of GSM, then the same shall be continued on the resultant entity.

## **Criteria II:**

The following criteria shall be made applicable for inclusion of securities directly under GSM - Stage I.

1. Securities with full market capitalization less than Rs. 25 crore; AND
2. Securities with PE greater than 2 times PE of Benchmark Index (Nifty 500 or S&P BSE 500) OR
3. Securities with negative PE, the following should be considered:

# STEWART & MACKERTICH WEALTH MANAGEMENT LTD.

CIN: U51109WB1993PLC060987

Vaibhav (5F), 4, Lee Road, Kolkata – 700 020 Tel: (91 33) 4011 5400 / 6634 5400 Fax: (91 33) 2289 3401

Email ID: [investors@smifs.com](mailto:investors@smifs.com) Website: [www.smifs.com](http://www.smifs.com)

- a. P/B (Price to Book) value of scrip greater than 2 times the P/B value of Benchmark Index (Nifty 500 or S&P BSE 500) OR
- b. P/B value is negative

15.10 The criteria for shortlisting & review of securities under GSM Framework are subject to changes from time to time. Stewart & Mackertich shall intimate its Clients vide Circulars and updation on the Website of Stewart & Mackertich regarding such changes. Clients are advised to follow the same to keep them updated on the GSM Framework.

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

16.1 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 such as reduction in price band, periodic call auction and transfer of securities to Trade to Trade category from time to time.

16.2 In continuation to various surveillance measures already implemented, SEBI and Exchanges, pursuant to discussions in their joint surveillance meetings, have decided that along with the aforesaid measures there shall be Additional Surveillance Measures (ASM) on securities with surveillance concerns viz. Price variation, Volatility etc.

16.3 Accordingly, review for identification of securities for placing in ASM Framework has been carried out by the Exchanges. The surveillance actions applicable for the shortlisted securities is as under:

- a) Securities shall be placed in Price Band of 5%
- b) Margins shall be levied at the rate of 100%

16.4 The shortlisted securities are monitored on a pre-determined objective criteria and would be moved into Trade for Trade segment once the criteria gets satisfied. Market participants may note that ASM framework shall be in conjunction with all other prevailing surveillance measures being imposed by the Exchanges from time to time.

16.5 A Joint Surveillance meeting of Exchanges and SEBI was held on October 26, 2018 and the current ASM framework was reviewed. The updated ASM framework is provided below:

## **Section I: Long-term Additional Surveillance Measure (Long-term ASM):**

**a) The following four criteria shall be made applicable for selection of stocks in the Long Term ASM Framework.**

1. High–Low Price Variation (based on corporate action adjusted prices) in 3 months  $\geq$  (150% + Beta ( $\beta$ ) of the stock \* S&P BSE Sensex variation).

AND

Concentration of Top 25 clients account  $\geq$  30% of combined trading volume of BSE & NSE in the stock in last 30 days.

2. Close–to–Close Price Variation (based on corporate action adjusted prices) in the last 60 trading days  $\geq$  100% + (Beta ( $\beta$ ) of the stock \* S&P BSE Sensex variation).

AND

Concentration of Top 25 clients account  $\geq$  30% of combined trading volume of BSE & NSE in the stock in last 30 days.

3. Close–to–Close Price Variation (based on corporate action adjusted prices) in 365 days greater than  $\geq$  100% + (Beta ( $\beta$ ) of the stock \* S&P BSE Sensex variation).

AND



# STEWART & MACKERTICH WEALTH MANAGEMENT LTD.

CIN: U51109WB1993PLC060987

Vaibhav (5F), 4, Lee Road, Kolkata – 700 020 Tel: (91 33) 4011 5400 / 6634 5400 Fax: (91 33) 2289 3401

Email ID: [investors@smifs.com](mailto:investors@smifs.com) Website: [www.smifs.com](http://www.smifs.com)

High–Low Price Variation (based on corporate action adjusted prices) in 365 days  $\geq$  (200% + (Beta ( $\beta$ ) of the stock \* S&P BSE Sensex variation).

AND

Market Cap > Rs.500 Crore.

AND

Concentration of Top 25 clients account  $\geq$  30% of combined trading volume of BSE & NSE in the stock in last 30 days.

4. Average daily Volume in a month is  $\geq$  10,000 shares & > 500% of Average volume in preceding 3 months at BSE & NSE.

AND

Concentration of Top 25 clients account  $\geq$  30% of combined trading volume of BSE & NSE in the stock in last 30 days.

AND

Average Delivery% is < 50% in last 3 months.

AND

Market Capitalisation is > Rs.500 Crore.

AND

Close–to–close price variation (based on corporate action adjusted prices) in last one month is > (50% + Beta ( $\beta$ ) of the stock \* S&P BSE Sensex variation).

Exemption: Bulk/Block (maximum of buy /sell value), i.e., Average Volume of Bulk or Block Quantity/Average Volume of the Security greater than 50%.

Note: The Beta ( $\beta$ ) factor shall be applicable only in case of positive index variation.

The following securities shall be excluded from the process of shortlisting of securities under ASM:

- Public Sector Enterprises and Public Sector Banks
- Securities already under Graded Surveillance Measure (GSM)
- Securities on which derivative products are available
- Securities already under Trade for Trade

➤ Stocks which are currently in ASM / ASM T2T and meeting the criteria for revised long term ASM shall be moved to Stage I (as explained in para b below) of Long Term ASM under the revised framework with effect from October 31, 2018.

➤ Stocks which are currently under the ASM framework and meeting the following conditions as on the review date shall be moved out of Long Term ASM with effect from October 30, 2018 but will be subject to short term ASM as mentioned in Section II of the notice:

- i. No. of shareholders as per the shareholding pattern is (in any of the last available 4 quarters) > 1,00,000.
- AND
- ii. Stocks that have been subject to Long Term ASM for a continuous period of at least 90 days.

**b) The applicable surveillance action on shortlisted scrips based on the above criteria shall be as follows:**

Stage wise Surveillance action after inclusion in Long Term ASM:

Stage	Conditions for Entry	Action
I	Identification of securities based on entry criteria.	Applicable margin shall be 80% from T+3 day for all clients.

# STEWART & MACKERTICH WEALTH MANAGEMENT LTD.

CIN: U51109WB1993PLC060987

Vaibhav (5F), 4, Lee Road, Kolkata – 700 020 Tel: (91 33) 4011 5400 / 6634 5400 Fax: (91 33) 2289 3401

Email ID: [investors@smifs.com](mailto:investors@smifs.com) Website: [www.smifs.com](http://www.smifs.com)

Stage	Conditions for Entry	Action
II	<p>Stocks which are already in Stage I of Long term ASM, satisfying the following conditions in 5 consecutive trading days:</p> <p>Close-to-Close Variation (based on corporate action adjusted prices) <math>\geq 25\% + \text{Beta } (\beta)</math> of the stock * S&amp;P BSE Sensex variation.</p> <p style="text-align: center;"><b>AND</b></p> <p>Concentration of Top 25 clients account <math>\geq 30\%</math> of combined trading volume of BSE &amp; NSE in the stock in last 30 days.</p>	Reduction of price band to next lower level and applicable margin shall be 100% from T+3 day for all clients.
III	<p>Stocks which are already in Stage II of Long term ASM, satisfying the following conditions in 5 consecutive trading days:</p> <p>Close-to-Close Variation (based on corporate action adjusted prices) <math>\geq 25\% + \text{Beta } (\beta)</math> of the stock * S&amp;P BSE Sensex variation.</p> <p style="text-align: center;"><b>AND</b></p> <p>Concentration of Top 25 clients account <math>\geq 30\%</math> of combined trading volume of BSE &amp; NSE in the stock in last 30 days.</p>	Further reduction of price band to next lower level and applicable margin shall be 100% from T+3 day for all clients.
IV	<p>Stocks which are already in Stage III of Long term ASM, satisfying the following conditions in 5 consecutive trading days:</p> <p>Close-to-Close Variation (based on corporate action adjusted prices) <math>\geq 25\% + \text{Beta } (\beta)</math> of the stock * S&amp;P BSE Sensex variation.</p> <p style="text-align: center;"><b>AND</b></p> <p>Concentration of Top 25 clients account <math>\geq 30\%</math> of combined trading volume of BSE &amp; NSE in the stock in last 30 days.</p>	Settlement will be on Gross basis with 100% margin on all clients and 5% price band.

### c) Review Period and Exit

- i. Securities completing 60 calendar days in long term ASM Framework shall be eligible for exit from the framework subject to stage-wise exit as mentioned below.
- ii. The stage-wise review of stocks shall be on a weekly basis.
- iii. Exit for stocks shall be in stages as follows as on review date:
  - Stocks in stage I shall be eligible for exit from Long-term ASM framework subject to such stocks not meeting the entry criteria of long term ASM.
  - Stocks in Stage IV shall move to Stage III if such stocks do not meet the entry criteria for stage IV.
  - Stocks in Stage III shall move to Stage II if such stocks do not meet the entry criteria for stage III.
  - Stocks in Stage II shall move to Stage I if such stocks do not meet the entry criteria for stage II.
- iv. The Exchanges shall jointly frame operational modalities for the aforesaid phased exit framework.

Securities meeting the revised entry criteria shall be moved to Stage I (as explained in para b above) of Long Term ASM under the revised framework with effect from October 31, 2018.

### **Section II: Short-term Additional Surveillance Measure (Short-term ASM):**

Further, it has been decided to introduce the Short-term ASM framework for securities as mentioned hereunder:

#### **a) Stage I**

# STEWART & MACKERTICH WEALTH MANAGEMENT LTD.

CIN: U51109WB1993PLC060987

Vaibhav (5F), 4, Lee Road, Kolkata – 700 020 Tel: (91 33) 4011 5400 / 6634 5400 Fax: (91 33) 2289 3401

Email ID: [investors@smifs.com](mailto:investors@smifs.com) Website: [www.smifs.com](http://www.smifs.com)

Criteria for Identification of stocks:

Stocks witnessing Close-to-Close Price Variation (based on corporate action adjusted prices) $\geq (\pm 25\% + \text{Beta } (\beta) \text{ of the stock } * \text{ S\&P BSE Sensex variation})$ in 5 trading days. AND Concentration of Top 25 clients account $\geq 30\%$ of combined trading volume of BSE & NSE in the stock in 5 trading days.	<b>OR</b>	Stocks witnessing Close-to-Close Price Variation (based on corporate action adjusted prices) $\geq (\pm 40\% + \text{Beta } (\beta) \text{ of the stock } * \text{ S\&P BSE Sensex variation})$ in 15 trading days. AND Concentration of Top 25 clients account $\geq 30\%$ of combined trading volume of BSE & NSE in the stock in 15 trading days.
--	-----------	--

Stocks identified as per the above criteria in any of the exchanges shall be shortlisted under the framework.

Action on the shortlisted stocks:

1. Applicable margin rate for the shortlisted stock will be 1.5 times the existing margin OR 40%, whichever is higher, subject to maximum rate of margin capped at 100%.
2. Top 10 clients based on the gross traded value, subject to their traded value greater than Rs.10 lakhs, will be levied 100% margin on their traded value at End-of-Day (EoD).
3. On identification of stocks, Exchange shall seek clarification from the company whether there is any corporate announcement that has not been disseminated to market. The clarification so received shall be disseminated to the market.
4. A surveillance dashboard shall also be displayed on the Exchange website mentioning the names of such stocks and other relevant details to inform the investors.

**b) Stage II**

Criteria:

Stocks witnessing Close-to-Close Price Variation (based on corporate action adjusted prices) $\geq (\pm 25\% + \text{Beta } (\beta) \text{ of the stock } * \text{ S\&P BSE Sensex variation})$ in any 5 consecutive trading days during the 15 days following the inclusion in Stage I. AND Concentration of Top 25 clients account $\geq 30\%$ of combined trading volume of BSE & NSE in the stock during the above mentioned 5 days period.	<b>OR</b>	Stocks witnessing Close-to-Close Price Variation (based on corporate action adjusted prices) $\geq (\pm 25\% + \text{Beta } (\beta) \text{ of the stock } * \text{ S\&P BSE Sensex variation})$ in any 15 consecutive trading days during the 45 days following the inclusion in Stage I. AND Concentration of Top 25 clients account $\geq 30\%$ of combined trading volume of BSE & NSE in the stock during the above mentioned 15 days period.
---	-----------	---

Action on the shortlisted stocks:

1. Applicable margin rate for the shortlisted stock will be 2.5 times the existing margin OR 80%, whichever is higher, subject to maximum rate of margin capped at 100% on all clients.
2. Top 10 clients based on the gross traded value, subject to their traded value greater than Rs.10 lakhs, will be levied 100% margin on their traded value at End-of-Day (EoD).

**c) Exit Criteria:**

1. The stocks shall be retained in each stage as applicable for a minimum period of 5 / 15 trading days and shall be eligible for review from 6<sup>th</sup> / 16<sup>th</sup> Trading day onwards.
2. Accordingly, if a stock is not meeting entry criteria on the review date, it shall be moved out of Short-term ASM framework.
3. As long as a stock continues to meet the criteria for Short-term ASM without attracting the criteria for Long-term ASM, the stock will continue to be subject to the Stage II of ASM framework.

## STEWART & MACKERTICH WEALTH MANAGEMENT LTD.

CIN: U51109WB1993PLC060987

Vaibhav (5F), 4, Lee Road, Kolkata – 700 020 Tel: (91 33) 4011 5400 / 6634 5400 Fax: (91 33) 2289 3401

Email ID: [investors@smifs.com](mailto:investors@smifs.com) Website: [www.smifs.com](http://www.smifs.com)

4. Once the stock moves to Long-term ASM framework, the above mentioned Short-term ASM provisions will not apply to the stock.

16.6 Exchanges shall also be monitoring the PE ratios of stocks and in case of stocks having relatively/abnormally high valuations compared to sectoral / broad indices, additional surveillance measure in conjunction with Short term/ Long term ASM shall be imposed.

16.7 It may be noted that the shortlisting of securities under ASM is purely on account of market surveillance and it should not be construed as an adverse action against the concerned company

16.8 The criteria for shortlisting & review of securities under ASM Framework are subject to changes from time to time. Stewart & Mackertich shall intimate its Clients vide Circulars and updation on the Website of Stewart & Mackertich regarding such changes. Clients are advised to follow the same to keep them updated on the ASM Framework.

### **17. Unsolicited Messages (SMS Stocks): 17.11.2017**

17.1 Clients are advised to remain cautious on the unsolicited emails and SMS advising investor to buy, sell or hold securities and trade only on the basis of informed decision.

17.1.1 Investors are also requested to share their knowledge or evidence of systemic wrongdoing, potential frauds or unethical behavior through the anonymous portal facility provided on Exchange website and mail at the following addresses:

- [inv@nse.co.in](mailto:inv@nse.co.in)
- [investigation@bseindia.com](mailto:investigation@bseindia.com)

17.2 In recent past, Exchange has come across SMS tips being circulated whereby as a festive bonanza, various stocks are being recommended with higher price targets leading to heightened trading activities in such stocks.

17.2.1 Stewart & Mackertich advises their clients to exercise caution towards unsolicited emails and SMS and also request their clients to buy, sell or hold securities and trade only on the basis of informed decision. Clients are further requested not to blindly follow these unfounded rumours, tips etc. and invest after conducting appropriate analysis of respective companies.

17.2.2 In view of above & as a part of surveillance measure to protect investor's interest and maintain market integrity, Exchange is once again advising members to exercise greater caution with respect to tips / rumours circulated via various mediums such as analyst websites, social networks, SMS, WhatsApp, Blogs etc. while dealing in the securities listed on the Exchange on behalf of their clients.

17.2.3 The Securities identified by Exchange(s) in which unsolicited SMS are circulated shall be kept suspended and barred from further buying & selling by Stewart & Mackertich and shall be monitored on regular basis.

17.2.4 The Clients shall remain cautious on the unsolicited emails and SMS advising to buy, sell or hold securities and trade only on the basis of informed decision.

17.2.5 Stewart & Mackertich may in exceptional circumstances, where the Client has dealt in "SMS Stocks, shall withhold the pay-out of funds and/or securities of the Client and/or suspend the Demat Accounts for Debits, without assigning any reasons, to adjust the Traded Value of Trades in such SMS Stocks with retrospective effect and transfer the same to the Designated Bank Account earmarked for this purpose as mandated by Stock Exchange(s)/SEBI from time-to-time and retain the same till directed by the Stock Exchange(s)/SEBI for such release.

# STEWART & MACKERTICH WEALTH MANAGEMENT LTD.

CIN: U51109WB1993PLC060987

Vaibhav (5F), 4, Lee Road, Kolkata – 700 020 Tel: (91 33) 4011 5400 / 6634 5400 Fax: (91 33) 2289 3401

Email ID: [investors@smifs.com](mailto:investors@smifs.com) Website: [www.smifs.com](http://www.smifs.com)

## **18. Exposure margin of security under Market Wide Position Limits (MWPL)**

18.1 In the joint meeting of Exchanges, Clearing Corporations and SEBI it has been decided on 23.01.2018 that markets should be alerted at different levels of MWPL utilization so that investors can take an informed decision on whether to hold or square off their existing positions well before regulatory /surveillance actions sets in.

<b>Combined MWPL utilization at End of Day across Exchanges</b>	<b>Applicable Exposure margin of the security</b>
60%	No additional Margins
70% to less than 75%	To be increased by 50% of the normal applicable Exposure margin from next trading day
75% to less than 80%	To be increased by 100% of the normal applicable Exposure margin from next trading day
80% to less than 85%	To be increased by 150% of the normal applicable Exposure margin from next trading day
85% to less than 90%	To be increased by 200% of the normal applicable Exposure margin from next trading day
90% to less than 95%	To be increased by 300% of the normal applicable Exposure margin from next trading day

18.2 Alert shall be provided once the open interest in a security exceeds each level of MWPL limit as mentioned above. The change in exposure margin shall be applicable from the next trading day and shall be applicable till the open interest in the security reduces to below 70% of MWPL at end of the day.

18.3 The mechanism enshrined in 18.1 was reviewed in a joint meeting between Exchanges/Clearing Corporations and SEBI and it has been decided that, in Equity derivatives segment, additional exposure margins shall be levied on those scrip's wherein the top 10 clients are accounting for more than 20% of MWPL. The scrip's shall be identified under this framework based on 3 months rolling data and reviewed on monthly basis. The applicable additional exposure margin on the identified scrip shall be at the rate of 15% over and above the applicable Exposure margin, including those based on MWPL utilization.

18.4 In view of the principles enshrined at 19.3, the Exchange shall w.e.f 14.09.2018 discontinue levying the additional exposure margin on security under MWPL.

18.5 However, the Exchange/Clearing Corporation shall if required, impose stringent additional surveillance margins, as deemed necessary; in cases where open interest exceeds 70% MWPL utilization or where significant client concentration is observed.

## **19. Additional Surveillance Margin (ASMRGN) for Derivatives Segment:**

19.1 As an ongoing measure of risk containment and surveillance as decided on 22.06.2018 in the joint meeting between SEBI, Exchanges and Clearing Corporations, an Additional Surveillance Margin is currently being levied as under:

1. A potential scenario of 20% fall in all index/ securities is considered. Loss due to such fall on the portfolio after considering available margins is collected as additional surveillance margins for clients fulfilling specified criteria.

19.2 Based on a periodic review and in consultation between SEBI, Stock Exchanges and Clearing Corporations, additional surveillance margins for potential market rise scenario shall also be levied as under:

# STEWART & MACKERTICH WEALTH MANAGEMENT LTD.

CIN: U51109WB1993PLC060987

Vaibhav (5F), 4, Lee Road, Kolkata – 700 020 Tel: (91 33) 4011 5400 / 6634 5400 Fax: (91 33) 2289 3401

Email ID: [investors@smifs.com](mailto:investors@smifs.com) Website: [www.smifs.com](http://www.smifs.com)

2. A potential scenario of 17.74% rise in all index/ securities shall be considered. Loss due to such rise on the portfolio after considering available margins and hedged positions, if any basis the holdings provided by depositories, shall be collected as additional surveillance margins for clients fulfilling specified criteria.

19.1.1 Additional Surveillance margins as above shall be blocked from the collaterals of clearing member on T+1day basis.

19.1.2 The above framework shall be in conjunction with the prevailing surveillance measures being imposed by Exchange/Clearing Corporation. Stewart & Mackertich may collect the above mentioned margins from their clients.

19.2 As an ongoing measure of risk containment and surveillance as decided on 06.07.2018 an Additional Surveillance Margin (ASMRGN) shall be levied on following clients subject to a Minimum of 50% of cumulative projected loss across all clients is covered:

1. For a market fall scenario as specified in Market Fall Scenario, Additional Surveillance Margin shall be levied for clients having loss of around Rs.1 crores after considering available margins.
2. For a market rise scenario as specified in Market Fall Scenario, Additional Surveillance Margin shall be levied for clients having loss of around Rs. 5 crores after considering available margins and underlying portfolio.
3. In case a client meets both the above criteria for ASMRGN, then the maximum amount computed in (1) and (2) above shall be collected as Additional Surveillance Margin.
4. Additional Surveillance Margin as above shall be blocked from the collaterals of clearing member on T+1-day basis.

19.2.1 Additional Surveillance Margin framework shall be in conjunction with the prevailing surveillance measures being imposed by Stock Exchanges/ Clearing Corporation. Stewart & Mackertich may collect the above mentioned margins from their Clients.

19.3 As an ongoing measure of risk containment and surveillance the following has been decided on 01.09.2018 in the joint meeting between SEBI, Exchanges and Clearing Corporations:

19.3.1 In addition to Initial margin and Exposure margin currently applicable, an Additional Surveillance Margin shall be levied on all gross open positions on futures contracts and on short positions in options contracts which shall be effective from the dates mentioned below:

Effective date of Implementation	Index Options*	Index Futures	Stock Options and Futures
September 14, 2018	1.00%	0.50%	1.25%
September 28, 2018	2.00%	1.00%	2.50%
October 26, 2018	3.00%	1.50%	3.75%
November 30, 2018	4.00%	2.00%	5.00%

\*In case of Out-of-the-money index option contracts, the Additional Surveillance Margin shall be restricted to 2% only. For this purpose, Out-of-the-money index options contracts shall be defined as options contracts with strike prices which are out-of-the-money by not less than 5% away from the previous day closing price of the underlying Index.

19.3.2 The above mentioned Additional Surveillance Margin shall be added to the applicable exposure margin of the respective index/stock futures and options contracts.

19.3.3 The additional surveillance margin as levied based on the scenarios of market rise (17.74%) and market fall (20%) as mentioned in 19.1 shall be discontinued with effect from 28.09.2018.



# STEWART & MACKERTICH WEALTH MANAGEMENT LTD.

CIN: U51109WB1993PLC060987

Vaibhav (5F), 4, Lee Road, Kolkata – 700 020 Tel: (91 33) 4011 5400 / 6634 5400 Fax: (91 33) 2289 3401

Email ID: [investors@smifs.com](mailto:investors@smifs.com) Website: [www.smifs.com](http://www.smifs.com)

19.3.4 Clearing Corporation shall continue to monitor all client-level positions based on the above mentioned scenarios and, if required, impose additional surveillance margins and/or take other actions as deemed necessary. Clearing Corporation shall also monitor the open interest in derivatives based on sectoral indices (particularly where top 3 stocks collectively constitute more than 50% of the weightage in the index), and, if required, may impose higher margins as may be deemed necessary.

19.4 As an ongoing measure of risk containment and surveillance the following has been decided on 12.09.2018 by the Exchanges and Clearing Corporations:

19.4.1 Currently the Initial Margin and Exposure Margin in Index Options cover risk for around 6% change in underlying indices while Initial Margin and Exposure Margin in Index Futures cover risk for around 8% change in underlying indices. Similarly Initial Margin and Exposure Margin for single stock derivatives cover risk for around 12.50% change in underlying stocks.

19.4.2 Instead of adding the Additional Surveillance Margin, as specified in 19.3, to the Exposure Margins, Price Scan Range (PSR) used for computation of Initial Margins shall be amended, in steps, to increase the coverage of risk arising out of change in underlying Index / stocks to cover risk for 10% change in underlying indices and 17.50% change in underlying stocks.

19.4.3 The PSR will be amended to reflect the additional change in underlying as per the table and schedule given below:-

Effective date of Implementation	14-Sep-18*	28-Sep-18	26-Oct-18	30-Nov-18
<b>Additional Price change coverage for Index Options</b>	1.00%	2.00%	3.00%	4.00%
<b>Revised PSR for Index Options</b>	Higher of 3 sigma or 4.00% of underlying value	Higher of 3 sigma or 5.00% of underlying value	Higher of 3 sigma or 6.00% of underlying value	Higher of 3 sigma or 7.00% of underlying value
<b>Additional Price change coverage for Index Futures</b>	0.50%	1.00%	1.50%	2.00%
<b>Revised PSR for Index Futures</b>	Higher of 3 sigma or 5.50% of underlying value	Higher of 3 sigma or 6.00% of underlying value	Higher of 3 sigma or 6.50% of underlying value	Higher of 3 sigma or 7.00% of underlying value
<b>Additional Price change coverage for Stocks Futures and Options</b>	1.25%	2.50%	3.75%	5.00%
<b>Revised PSR for Stocks</b>	Higher of 3.5 sigma or 8.75% of underlying value	Higher of 3.5 sigma or 10.00% of underlying value	Higher of 3.5 sigma or 11.25% of underlying value	Higher of 3.5 sigma or 12.50% of underlying value

19.5 Additional Surveillance Margin Framework are subject to changes from time to time. Stewart & Mackertich shall intimate its Clients vide Circulars and updation on the Website of Stewart & Mackertich regarding such changes. Clients are advised to follow the same to keep them updated on the ASM Framework.

# STEWART & MACKERTICH WEALTH MANAGEMENT LTD.

CIN: U51109WB1993PLC060987

Vaibhav (5F), 4, Lee Road, Kolkata – 700 020 Tel: (91 33) 4011 5400 / 6634 5400 Fax: (91 33) 2289 3401

Email ID: [investors@smifs.com](mailto:investors@smifs.com) Website: [www.smifs.com](http://www.smifs.com)

## **20. Additional Margins (Cash Market Segment & Equity Derivatives Segment):**

20.1 In view of the volatility observed in the market it is proposed by the Exchanges to levy additional margins in respect of specified securities.

20.1.1 Additional margins shall be levied in Capital Market Segment on F&O securities where:

- i. Intra-day price movement of more than 20%
- ii. Close to close price movement is less than 20%.
- iii. Intra-day price movement shall be computed as change from previous day close to high/low price of day whichever is higher
- iv. An additional margin of 50% of the intra-day price movement above 20% shall be levied as additional margin
- v. Additional margin% shall be added to total margin% (VAR +ELM). (Details shall be included in the daily VAR file provided on the website)
- vi. Additional margins levied shall be continued for 15 calendar days, provided no further intra-day volatility is observed.
- vii. Additional margins levied shall be reviewed periodically.

20.1.2 Additional margins shall be levied in Equity Derivatives Segment where:

- i. Intra-day price movement of more than 20%
- ii. Close to close price movement is less than 20%.
- iii. Intra-day price movement shall be computed as change from previous day close to high/low price of day whichever is higher
- iv. An additional margin of 50% of the intra-day price movement above 20% shall be levied as additional margin
- v. Additional margins shall be specified as a percentage and added to the existing exposure margins of the security. (Details shall be included in the daily exposure file provided on the website)
- vi. Additional margins levied shall be continued for 15 calendar days, provided no further intra-day volatility is observed.
- vii. Additional margins levied shall be reviewed periodically

20.2 Pursuant to 19.3, it has been decided to levy additional margins as under:

- i. Extreme scenario of 20% market fall and 17.74% market rise shall be modelled on all client level portfolios and gross client level losses shall be computed at end of day.
- i. Net client level losses after considering applicable margins and hedged positions, if any based on the holdings provided by depositories, shall be computed.
- ii. In respect of clients having net loss of Rs.25 crores and more, 50% of the loss in excess of Rs.25 crores shall be levied as Additional Margins.
- iii. Additional Margins shall be blocked from the collaterals of clearing member on T+1 day basis

20.2.1 The above framework shall be in conjunction with the prevailing surveillance measures being imposed by Exchange/Clearing Corporation. Stewart & Mackertich may collect the above mentioned margins from their clients.

20.3 In the joint meeting between, SEBI, Exchanges and Clearing Corporations the levy of additional margins in Capital Market Segment as mentioned in 20.1.1 shall be modified as under:

- i. Additional margins shall be levied in respect of securities where derivative contracts are available
- i. Securities with Intra-day (High-Low) price movement of more than 10% for 3 or more days in last one month shall be identified.

## STEWART & MACKERTICH WEALTH MANAGEMENT LTD.

CIN: U51109WB1993PLC060987

Vaibhav (5F), 4, Lee Road, Kolkata – 700 020 Tel: (91 33) 4011 5400 / 6634 5400 Fax: (91 33) 2289 3401

Email ID: [investors@smifs.com](mailto:investors@smifs.com) Website: [www.smifs.com](http://www.smifs.com)

- ii. In respect of securities identified the minimum total margins (VAR, Extreme Loss Margin and Additional margin) shall be equal to the maximum intraday price movement of the security observed in last one month.
- iii. The above mentioned minimum total margins shall be continued till expiry date of derivative contracts which falls after completion of three months from date of levy.
- iv. Additional margins levied shall be reviewed periodically

20.4 In the joint meeting between, SEBI, Exchanges and Clearing Corporations the levy of additional margins in Equity Derivative Market Segment as mentioned in 20.1.2 shall be modified as under:

- i. Securities with Intra-day (High -Low) price movement of more than 10% in the underlying market for 3 or more days in last one month shall be identified.
- ii. In respect of securities identified the minimum total margins (SPAN margins, Exposure Margin and Additional margin) shall be equal to the maximum intraday price movement of the security observed in underlying market in last one month.
- iii. The above mentioned minimum total margins shall be continued till expiry date of derivative contracts which falls after completion of three months from date of levy.
- iv. Additional margins levied shall be reviewed periodically

### **21. Other risk related issues:**

21.1 Trading Members are subjected to monitory penalties / strictures for committing any violations of the rules and regulations, notifications, guidelines, instructions etc., issued by SEBI or the Central Govt. or the Exchanges. Each Trading Member, therefore, carries certain risks in the area of compliance. There are myriad numbers of instructions which a Trading Member should meticulously comply every day. Important issues which on violation attract strict penalty are indicated below:

- a) Non-preservation of all records for 5 years. Certain records are required to be retained for 8 years to meet the requirement under Anti Money Laundering Act.
- b) Failure to comply strict adherence to KYC norms at the time of opening of Demat and Trading Account of clients.
- c) Failure to exercise proper due diligence for verification of all client details regarding bank accounts details, in-person verifications, proper execution of Account Opening, issue of risk disclosure document etc.
- d) Failure to issue of statement of accounts for funds and for securities to the clients.
- e) Failure to take redressal measures on customer grievances on being directed by SEBI or the Exchanges within the stipulated time period.
- f) Doing business for defaulting clients.
- g) Failure to exercise proper watch in newly opened account leading to suspicious transactions not having any bearing on the financial status of the client.

21.2 At Stewart & Mackertich we have put in suitable measures to maintain high standard of work procedure so that the relative guidelines are strictly complied with by the operative staff members. With majority of the functions being centralized at Head Office, there is constant monitoring of the quality of working. The quality of compliance by our branches is also supervised through periodical inspection of the branches. Remedial measures are initiated immediately on detection of shortcomings.

21.3 On opening of Demat / Trading Account the clients are provided a Welcome Letter from Head Office drawing his / her attention to the client's rights and obligations and the need to discharge such obligations on being intimated by Stewart & Mackertich. Such letters will be mailed (both in physical and electronic form) by Head Office direct to the client's recorded address along with the documents executed by the Client at the time of submitting its Application for Opening the Account.

# STEWART & MACKERTICH WEALTH MANAGEMENT LTD.

CIN: U51109WB1993PLC060987

Vaibhav (5F), 4, Lee Road, Kolkata – 700 020 Tel: (91 33) 4011 5400 / 6634 5400 Fax: (91 33) 2289 3401

Email ID: [investors@smifs.com](mailto:investors@smifs.com) Website: [www.smifs.com](http://www.smifs.com)

21.4 As mandated all client instructions are monitored by recording over Voice Loggers, sending SMS and E-Mails to Alert Clients on the pre-order level and Confirmation on similar modes on execution of Trades and post market Transaction Status.

21.5 Contract notes are generated digitally and e-mailed to client within the stipulated 24 hours and secured access is provided to clients to ensure that the books of records are maintained in a Compliant Manner.

21.6 Any Grievance of the Client is redressed promptly and resolved on best effort basis to ensure client satisfaction.

21.7 The system of conducting Audits by Internal Auditor for both Operations & Systems has been strengthened for verifications at all levels (Branches as well as Head Office Level). Strict due diligence is maintained while opening of accounts, complying with KYC requirements, ensuring systems safety in complying with the client instructions, manner of uploading client instructions, verifying client signatures and in maintaining client records etc. and updating the same periodically.

## **22. Employee Risks:**

22.1 The ambit of share broking activity is no longer confined to metro and big cities but operating from all corners of the country including district towns, there is a constant pressure on acquisition of employees for running the show. We have to face risks on employee front mainly on account of poor quality, impulsive behavior and dishonesty manifested in employee-client relationship. Keeping the above factors in mind, Stewart & Mackertich have put in the following measures to safeguard against willful wrong behavior of employees:

- a) As far as possible while recruiting new employees, discreet enquiry is made with the previous employers about the antecedents of the prospective employees.
- b) Meetings are held regularly at Head Office with group of employees like Branch Managers / Dealers to educate them on various aspects of their job responsibility and the danger in violating the laid down instructions.
- c) Any dubious/unauthorized transactions done by any employee or any attempt made to bend rules are to be reported by other employees at the branch to Head Office promptly.
- d) Certified Trained Professionals under NISM Certification are recruited as per the regulatory mandates.

## **23. Management Information System (MIS):**

23.1 A daily MIS Report (by T day) shall be generated by the RMS Officer with regard to Risk Management Areas as detailed hereinabove and Actions Taken thereof, to the Compliance Officer.

23.2 A monthly MIS Report (by 7 Calendar Days from the end of each month) shall be submitted by the Compliance Officer with regard to Risk Management Areas as detailed hereinabove and Actions Taken thereof, to the Designated Director.

23.3 A quarterly MIS Report (by 30 Calendar Days from the end of each quarter) shall be submitted by the Compliance Officer with regard to Risk Management Areas as detailed hereinabove and Actions Taken thereof, to the Board of Directors, for their observations, suggestions (if any) and review of the Risk Management Policy.

23.4 Internal Auditor shall verify and submit separate report with regard to Risk Management Policy on a monthly basis (by 15 Calendar Days from the end of each month) and the actions taken in respect of the Compliances made and pending actions, if any.

# STEWART & MACKERTICH WEALTH MANAGEMENT LTD.

CIN: U51109WB1993PLC060987

Vaibhav (5F), 4, Lee Road, Kolkata – 700 020 Tel: (91 33) 4011 5400 / 6634 5400 Fax: (91 33) 2289 3401

Email ID: [investors@smifs.com](mailto:investors@smifs.com) Website: [www.smifs.com](http://www.smifs.com)

## **24. Reporting to the Regulatory Bodies/ Exchange(s):**

21.1 In case the client is found indulging in suspicious activities, Stewart & Mackertich may report such transactions to the exchange(s). Stewart & Mackertich shall not be responsible for any losses incurred by the client if he/she is found guilty of unethical practices in contravention to the Rules and Regulations laid by the Extant Regulators. The company will share all the required information to the Regulator(s), Exchanges), and/or any other Extant Regulatory body when a client specific details is asked for. The company reserves the right to inform the client based on the directions received by the fore mentioned Regulatory body.

## **25. Record Maintenance:**

25.1 The Compliance Officer shall be responsible for the record maintenance of such activities.

25.2 The Compliance Officer shall be assisted by the Associate Compliance Officer & the RMS Officer and shall have the discretion to take assistance/help from any professionals and/or software for the better Monitoring of Risk Management Policy, with prior approval of the Board of Directors, without diluting the accountability and responsibility of the Compliance Officer.

## **26. Communication:**

26.1 Clients can view details of their ledger, margin, shortfall etc. through the secured login on Stewart & Mackertich website. The client has to be aware about their position, outstanding balance and Risk. Stewart & Mackertich is under no legal obligation to send any separate communication apart from Contract Notes, Margin Statement, Shortfalls, Positions etc. but as a safeguard to the Clients, Stewart & Mackertich may take extra efforts generally to ensure that client is well informed about the Risk and the possible actions, which may follow. The communication would generally be through SMS / Email on registered contact details with Stewart & Mackertich and additionally to host reports through secured Back Office Access.

## **27. Disclaimer:**

27.1 Stewart & Mackertich will have a discretion to alter/change any of Exposure limit, selling parameter defined in this policy on the basis of prevailing market conditions with or without prior intimation and can use their discretion to grant any kind of exemption/permission in case they deem fit on case to case basis.

\*\*\*\*\*