INTERNAL RISK ASSESSMENT POLICY AND TERMS & CONDITIONS OF PDIPL FOR TRADING UNDER MARGIN TRADING FACILITY ("MTF")

The Risk Policy and terms & conditions prescribed hereunder form part of the account opening form and shall be read in conjunction with the rights and obligations as prescribed under SEBI circular no. CIR/MIRSD/16/2011 dated August 22, 2011, and the Rules, Regulations, Bye Laws, Rights and Obligation, Guidelines, Circulars issued by SEBI and exchanges from time to time and these terms and conditions, unless indicated otherwise and the client confirms having read and understood these words and phrases:

1. DEFINITIONS:

- *"Alerts"* means a customized SMS or Email Communication sent to clients on their registered E-mail Address or Mobile Number.
- *"Additional Margin"* shall mean the incremental margin required to safeguard Margin Trading positions from being squared off.
- *"Client"* means a constituent of PDIPL who has in his own hand or in any irrefutably electronic mode, agreed to have availed the Facility of Margin Trading and executed Power of Attorney in favour of PDIPL and has an existing and valid account with PDIPL. Client shall include Individual, Company, Partnership firm, Trust, Hindu Undivided Family, Association of Persons and Body of Individuals etc.
- *"Communication in electronic mode"* means alerts send to clients' registered E-mail Addresses or Mobile numbers.
- *"PDIPL Capital Pvt. Ltd. (hereinafter referred to as 'PDIPL')"* means Stock Broker of National Stock Exchange of India Limited (TM Code: 09939) and BSE Limited (Clg No: 0724) having obtained prior permission from respective exchange to provide Margin Trading Funding to its clients.
- *"Margin Trading Funding"* is the product being offered by PDIPL to Clients under the framework of rules, and regulations issued by Exchanges/SEBI from time to time. It is a facility under which an investor can buy shares by paying 50% or as mutually agreed upon from his available funds and the remaining amount is funded by the PDIPL. The margin can be given in the form of cash or shares as collateral depending upon the availability of the respective investor
- *"Securities"* means all funded and collateral stocks that are a permissible set of securities as provided by NSE and BSE from time to time under the margin trading Facility.

2. AVAILING OF MARGIN TRADING FACILITY:

PDIPL Capital Pvt. Ltd. (PDIPL) has obtained the prior permission of BSE and NSE for providing MTF to the clients and is eligible to provide a Margin Trading Facility (MTF) in accordance with SEBI & Exchange Guidelines as specified from time to time. To avail of the Margin Trading Facility, the client is required to meet the minimum margin requirement, which is either 50% of the purchase value or VAR + 3/5 times ELM, whichever is higher. The client must pay this 50% margin in cash.

If the end-of-day (EOD) margin requirement set by the exchange is higher than the MTF margin requirement, the client must fulfil the additional margin requirement. Failure to meet the margin requirement may lead to a shortfall and subsequent penalties. It's important to note that the margin must be in the form of cash, and the Margin Trading Facility does not accept collateral.

Please note that the Margin Trading Facility is applicable only to the Cash Segment and does not extend to F&O and Currency Derivatives.

3. **MTF DECLARATION**:

If the client is currently utilizing Margin Trading Facility (MTF) with other brokers, informing PDIPL before availing of the MTF facility is necessary. Failure to provide this information will be interpreted as the client not availing MTF facility from any other financial intermediary.

4. **MODE OF COMMUNICATION:**

The client consents to receive all forms of communication, including but not limited to consent to the Terms and Conditions, order/trade confirmation, margin revisions, margin calls, decisions regarding position liquidation, security/collateral information, margin statements, margin policies on haircuts /VAR margin, risk management policies, rights and obligations, allowable exposure, specific security exposure, etc.

This communication will be conducted via email, SMS, and WhatsApp to the client's registered email address or mobile number with PDIPL, or through online platforms accessible by logging in to the secure front-end software provided by PDIPL.

Additionally, PDIPL may utilize physical means of communication or relay information through employees or authorized persons. Communications may also be published or displayed on PDIPL's website or made available for download from the website. If the client prefers to receive communication in physical form, they must explicitly request so in writing to PDIPL.

5. **ELIGIBLE SECURITIES UNDER MTF**:

The Margin Trading Facility applies to **Group I** scrips with appropriate hair cut as specified in SEBI Master Circular No. SEBI/HO/MRD/DP/CIR/P/2016/135, dated: 16/12/2016 or as specified by SEBI/Stock Exchange(s) periodically. However, PDIPL retains the discretion to permit margin trading facility for specific scrips as specified. Furthermore, PDIPL reserves the right to include or exclude any securities from its ***"MTF Approved Category List"*** at the discretion of the Risk Management Committee without prior notification. However, the client shall have the right to change collateral securities provided under the MTF with other collateral securities provided that such other collateral securities are approved and sufficient to meet the margin required.

6. **INITIAL MARGIN:**

The initial margin payable by the client shall be in the form of cash, cash equivalent or ‘Group I’ Equity shares subject to appropriate haircuts. Currently, the Initial margin prescribed by the regulator is as follows

Category of Stock	Applicable margin
Group I stocks available for trading in the F & O Segment	VaR + 3 times of applicable ELM*
Group I stocks other than F&O stocks	VaR + 5 times of applicable ELM*
*For the aforesaid purpose the applicable VaR and ELM shall be as in the cash segment for a particular stock.	

7. **MARGIN ACCEPTANCE**:

PDIPL reserves the right to decline the acceptance of certain securities as margin collateral, or to accept them at a reduced value determined by applying appropriate haircuts or valuation methods. This decision is made at the absolute discretion of PDIPL.

8. **LEVERAGE & EXPOSURE:**

PDIPL will provide exposure to clients based on the exposure limits prescribed by SEBI/Exchange(s) and may adjust these limits based on market conditions and risk perception. Exposure limits will be determined considering available collaterals, which may include ledger balance and stocks with suitable margin haircuts.

a. Client Wise limit:

Exposure to any single client at any point in time will not exceed 10% of the borrowed funds by PDIPL and 50% of PDIPL's "net worth" or any other such rule as defined under the MTF by the Exchange or SEBI.

b. Exposure to the increased value of Collaterals:

In case of an increase in the value of Collateral, PDIPL may at its sole discretion have the option of granting further exposure to the client subject to applicable haircuts. However, no such exposure shall be permitted on the increased value of funded stocks.

Depending on market conditions, the limits may be set based on a multiplier of the available collateral, actual VAR margin, or PDIPL MTF VaR. In exceptional situations, PDIPL may exercise its discretion to provide limits and make changes for a client based on market conditions. If the overall position in a specific scrip or across all scrips reaches a particular limit, further positions may not be allowed for the client.

9. **MARGIN TRADING FACILITIES TRADES:**

a) By providing consent for availing the margin trading facility, the client grants authorization to PDIPL to consider all trades executed by them in Group I securities as trades availed under the margin trading facility. These trades will be reported to the Exchanges, subject to the availability of margin, as per the prescribed format and instructions communicated by PDIPL from time to time.

b) If a transaction is executed under a margin trading account, there will not be any separate confirmation indicating that it is a margin trading transaction, apart from the contract note provided.

c) The client has the freedom to take delivery of the securities at any time by repaying the amounts, paid by PDIPL to the Exchange, for the securities purchased under the margin trading facility, after settling all outstanding dues.

d) PDIPL will continuously monitor and review the client's position concerning the margin trading facility. This includes assessing the adequacy of the margin, monitoring changes in positions, and reviewing any margin shortages that may arise.

e) The client's Margin Trading position will be consistently on marked to market basis. PDIPL will initiate a Margin Call when the open position's MTM Loss reaches 60%. Subsequently, an SMS and email confirmation will be sent, requesting the client to top up the margin amount and the same process shall be repeated till it reaches 75% of the total value deposited for MTF.

f) If, at any point in time, the client's MTM loss exceeds 80% of the value deposited for the open MTF position(s), PDIPL reserves the right to square off the client's position(s) at the prevailing market rate. In such cases, the shares associated with the client's position will be confiscated without prior intimation, and the final settlement will occur on T+1 day. It is essential for the client to diligently monitor their MTF portfolio and ensure prompt compliance with margin requirements as communicated or when they reach the specified levels.

g) The margin requirement for shares purchased under the margin trading facility will be calculated by aggregating the applicable minimum initial margin and any increased margin, if applicable, for each stock. The shortage in the margin will be determined by deducting the available margin from the gross margin. The collateral shares and shares purchased under the margin trading facility (Funded Shares) will be marked to market daily for the purpose of calculating the margin and identifying any margin shortfall.

10. FEES, INTEREST, CHARGES AND PENALTY:

1) Brokerage and other charges as mutually agreed will be charged and statutory charges shall be as per the rules and regulations of the authority and will be applicable in the client's existing trading account.

2) The outstanding dues under MTF will be subject to daily interest accrual at a rate of up to 18% per annum unless mutually agreed otherwise.

3) **Rs. 50 + GST** will be charged for **Pledging / Un pledging MTF Shares**. These charges are applicable on a per-ISIN basis in each instruction

4) The term "dues" mentioned herein includes outstanding balances, interest, statutory taxes, duties, charges, penalties, etc., related to the MTF availed by the client.

5) Square-off Charges shall be Rs.50/- be levied for every position so squared off.

11. CONFIRMATION OF MTF TRADE AFTER TRADE:

In accordance with the regulatory guidelines for Margin Trading, PDIPL emphasize the importance of timely compliance from our MTF clients. It is imperative for all clients to comply with the following procedures for confirming MTF trades.

a) **Pledge Creation**: It is a mandatory process introduced by SEBI. When a client buys shares under Margin Trading Facility (MTF), the client has to pledge those shares on the same day before 7 pm to continue holding the position.

b) Once a trade is successfully executed under MTF client shall need to;

- Check email/SMS for communicaƟons related to the MTF Pledge Request IniƟaƟon
- Click the CDSL link in the Email/SMS to get redirected to CDSL’s website
- Enter PAN/Demat Account Details
- Select Stocks to Pledge
- Generate OTP
- Enter the received OTP to Authorize and complete the process

c) **OTP Initiation & Timely Confirmation**: It is crucial that clients ensure the completion of the OTP process and pledge confirmation no later than 7.00 p.m. on the trading day of the MTF. The OTP generation is limited to one occurrence during the trading day of the MTF.

d) Failure to adhere to the stipulated timelines for pledge confirmation will result in the automatic conversion of the MTF position to a normal position on the same trading day (T day). Consequently, the client will be obligated to fulfill the entire payment obligation for the transaction, in accordance with the standard settlement terms.

e) The Company shall not be held liable for any losses, damages, or penalties incurred due to the client's failure to comply with the confirmation process outlined in this policy.

12. Journal Voucher/Fund transfer from Normal Trading to MTF Trading

a) In order to meet any obligations or dues arising from the Margin Trading Facility (MTF), the client's funds from their normal ledger will be transferred to their MTF ledger, subject to the availability of sufficient funds in the normal ledger. This transfer of funds will be executed through a Journal Voucher (JV).

b) However, in cases where the necessary funds are not available in the client's normal ledger, the client must provide a separate 50% margin and cover any Mark-to-Market (MTM) losses incurred.

c) It is essential for the client to acknowledge and fully understand their responsibility to settle all outstanding dues owed to PDIPL. These dues may encompass not only the funded amount and associated charges but may also include statutory charges, taxes, and any other relevant fees.

By participating in the Margin Trading Facility, the client expressly consents to the aforementioned fund transfers, understands the implications of the non-availability of funds, and agrees to fulfil all financial obligations in a timely manner.

13. TECHNICAL FAILURE:

The client acknowledges that the services rendered herein rely on software systems. In the event of any technical failure, it is expressly understood that PDIPL and the exchange shall not be held liable for any losses incurred by the client. The client assumes full responsibility for the risks associated with potential technical disruptions and agrees to indemnify PDIPL and the exchange from any such claims or damages arising from such failures.

14. QUARTERLY SETTLEMENT:

Margin Trading Accounts where there were no transactions for 90 days shall be settled immediately.

15. MARGIN CALL:

f) If the client is notified about a margin shortage through any mutually agreed mode of communication, the client must rectify the deficiency in the margin amount placed with PDIPL within 3-5 days of such communication. Failure to do so may result in PDIPL exercising its discretion/right to liquidate collaterals and/or funded securities immediately.

g) The client will continue to be in margin default until the required margin is fully furnished to eliminate the shortage. Partial payment or a change in the required margin will not extend the stipulated time for making the margin payment, which will run from the time of the margin call.

h) Until full payment of outstanding dues in the MTF Account is made by the client, collateral shares and funded shares, as required, will be retained in PDIPL's Demat Account, separately identified as collateral shares and funded shares.

i) If the total funded value minus the market realization value of stocks exceeds **80%** of the collateral value after the haircut on any given day, the stocks may be liquidated without prior intimation to the client.

j) When placing an order, please ensure to select the product type as "MTF" in the Trading platform. Additionally, you can review the Margin Trading positions taken today under the "Net Position Positions" section.

k) After the transaction is executed, the client will receive communications regarding the confirmation of orders/trades, margin calls, and other relevant information on their registered email/mobile number.

16. RESOLUTION OF COMPLAINTS:

l) If the client has any protest or disagreement regarding any transaction carried out under the margin trading facility, they should notify PDIPL within 24 hours from the date of receiving the relevant documents, statements, contract notes, or any other communications.

m) Any disputes arising between the client and PDIPL in relation to the margin trading facility will be resolved through the investor grievance Redressal mechanism and/or Arbitration mechanism provided by the stock exchanges, similar to the resolution process for normal trades.

n) It is important to note that the Investor Protection Fund (IPF) will not cover any losses incurred by the client in connection with the margin trading facility availed through MTF on the stock exchange.

o) The client shall lodge a protest or disagreement with any transaction done under the margin trading Funding within 24 hours from the date of receipt of such document/statements/contract notes/any other communications to PDIPL.

17. SECURITIES SQUARE-OFF:

MTF Collaterals/Funded Securities of clients may be immediately liquidated/squared off without further notice or intimation in the following situations/conditions and all losses and financial charges resulting from such liquidation will be charged to and borne by the client:

p) Failure to meet the margin call and ongoing margin shortage for 3-5 trading days from the day of the margin call.

q) Dishonour of any instrument for payment of Margin Amount.

r) Violation/breach of any provision of this arrangement or provision of incorrect or misleading information.

s) Initiation of bankruptcy or insolvency proceedings, winding up or liquidation proceedings, the appointment of a receiver or liquidator, application for a declaration as a "sick company" or seeking financial reconstruction or similar schemes.

t) Reasonable apprehension of the client's inability to pay outstanding dues or admission of such inability.

u) Seizure, distress, execution, attachment, injunction, detention, or custody of any asset or security.

v) Default under any other arrangement or facility with any stockbroker or adverse actions by stock exchanges, SEBI, or government authorities.

w) Total exposure across all stocks of all clients of PDIPL exceeding the SEBI/Stock Exchange prescribed maximum allowable exposure limit.

x) Exceeding or being on the verge of exceeding the maximum allowable exposure for a single client.

y) Removal of stock from the list of eligible stocks under MTF, rendering it ineligible for offering under MTF.

z) Other circumstances arising from regulatory requirements change or risk management processes due to market conditions.

aa) Death, insolvency, or incapability of the client to receive/pay for or deliver/transfer ordered securities.

bb) Closure of existing positions to release margin from the exchange, based on market conditions and risk perception.

cc) Reduction of margin by an amount equal to the applicable ELM component of the total margin due to market volatility within a trading day, resulting in available margin being equal to or less than the applicable VAR margin.

dd) In case the client does not wish to opt for MTF, all dues on account of share purchases shall be payable immediately or on or before T+5. Failure to pay within this period may result in the sale of shares to liquidate/reduce the dues, with any remaining unpaid dues becoming payable immediately.

18. NOTICES & COMMUNICATIONS

All notices or other communications related to this Term & Conditions, shall be provided in writing and will be considered duly served under the following methods:

a) Communication to PDIPL Head Office or any of the registered branch address

b) Email Id: parkerderivatives@yahoo.com

c) Tel. No.: 079-35845594

d) Communication to the client on its register email id and Address as per Consent letter and KYC forms.

Client Signature: ____________________________