Woodstock Broking Pvt. Ltd.

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Santacruz (w), Mumbai – 400 054
Tel. No. 022 69699000

SEBI Regn. No. INZ 000242835

PRUDENT RISK MANAGEMENT SYSTEM:

The below mentioned policy on Risk Management System has been approved by the Board of Directors. All the employees are required to follow the same and take due care for its proper implementation.

The operations of the company are on small scale and the company has a very strict system of analyzing the clients and only if the client meets the various parameters, then only an account is opened. The risk management systems considering the current operations of the company are:

1. The clients are given application forms for being registered as a client only after they have met the director / sub-broker / employee through whom the client has approached us for opening an account.
2. The director / sub-broker / employee of the company personally meets the clients and assesses the financial position, risk appetite, investment objectives, past credentials, qualification, etc. After the same is found to be proper by the director, the permission for registration of client is initiated.
3. The completed form is then received and only after proper verification of the documents, checking the genuineness of the person and after carrying out the in-person verification of the client, the account is opened.
4. Margin from client may be collected in the form of cash or security.
5. The company follows a healthy practice of having the margin money in hands in advance before entering any trades for the client.
6. The clients are personally known to the director / sub-broker and the overall exposure is determined for the person on the basis of the financial capability and on the money lying with the company as margin / balance.
7. The risk with respect to the trades done by the client is regularly assessed by the dealer. The dealer regularly interacts with the client, checks the trading pattern and accesses the risk vis a vis every trade done by the client.
8. In case of large value transactions, the clients are at times insisted on giving advance money / securities as may be required.
9. The client shares / funds are tracked to have been received only from the designated DP / bank account only so as to nullify the risk due to receipt of shares / funds from other persons account. In case if any shares are given by any person on behalf on the client, then a letter signed by the beneficial owner and the client is taken specify that the shares are given on behalf of the client.

10. The risk management team regularly assesses the trades being executed by the clients / sub-brokers client to check the trades in illiquid / risky stocks. The past operations are also tracked, to assess the risk level of the company in dealing with such clients. The trades in Z category stocks as specified by BSE are not allowed.

11. unless a special permission has been taken & only after due consideration, the RMS head will allow temporarily a specific exposure limit for dealing in Z group stocks.

12. While doing Quarterly/monthly Settlement as per preference selected by client at the time of Account Opening. Any excess credit lying in client ledger needs to be released back to the client. However, we can hold back these funds outflow in case of any obligations from the client which includes.

    a. Entire pay-in obligation of funds outstanding at the end of day on date of settlement, across all segments.
    b. 50% of end of the day (EOD) margin requirement as cash margin, excluding the margin on consolidated crystallized obligation/ MTM.
    c. Apart from 50% cash margin mentioned in point ii above, we may also retain 225% of EOD margin (which includes additional 125% margin) reduced by 50% cash margin and the value of securities (after applying appropriate haircut) ,However in case of non-approved securities accepted as collateral from the clients by way of 'margin pledge' created in the Depository system for the purpose of margin we as a stockbroker may apply Haircut up to 90% to cover the risk on non-approved securities.

13. A proper monitoring mechanism is in place to review long outstanding debit balances in clients' account and recovery of the same.

14. Client Funds and Upstreaming of Funds

    a. We shall comply with SEBI, NSE, BSE and Clearing Corporation requirements relating to segregation, monitoring and upstreaming of client funds.

    b. Client funds shall be maintained separately from proprietary funds and shall be utilized strictly in accordance with applicable regulatory provisions.

    c. Daily reconciliation of client funds, bank balances and obligations shall be carried out and records shall be maintained for audit and regulatory inspection purposes.

15. Margin Collection and Collateral Management

    a. Margin shall be accepted only through approved modes as prescribed by SEBI and Exchanges.

    b. Securities accepted as collateral shall be received only through the Margin Pledge/Re-Pledge mechanism implemented through Depositories.

    c. Appropriate haircut as prescribed by Exchanges/Clearing Corporations shall be applied while considering collateral value.

    d. The Company reserves the right to apply additional haircut or restrict acceptance of securities based on liquidity, volatility, concentration risk or regulatory concerns.

16. Peak Margin and Position Monitoring

    a. Client positions shall be monitored on a real-time basis to ensure adequacy of margins.

    b. In case of margin shortfall, the Company may reduce exposure, square off positions or take any other risk containment measures without prior notice.

    c. The Company may impose stricter internal risk limits than those prescribed by Exchanges.

17. Surveillance and Prevention of Market Abuse

    a. We shall maintain a surveillance mechanism to identify unusual trading patterns, concentrated positions, circular trading, synchronized trades, pump-and-dump activities and other suspicious transactions.

    b. Suspicious activities shall be escalated to the Compliance Officer for review and reporting to regulatory authorities wherever required.

18. Concentration and Exposure Risk

    a. Exposure limits may be prescribed client-wise, security-wise, segment-wise and group-wise based on risk assessment.

    b. Additional restrictions may be imposed on illiquid securities, GSM, ASM, Trade-to-Trade (T2T), Z category and other securities identified by Exchanges as high risk.

19. Technology and Operational Risk Controls

a. Risk Management Systems (RMS) shall be monitored continuously to ensure uninterrupted functioning.

b. Appropriate controls for cybersecurity, access management, data backup and disaster recovery shall be maintained in accordance with SEBI Cyber Security and Cyber Resilience requirements.

20. Client Communication

a. Margin shortfall, collateral valuation changes, position square-off actions and other risk-related actions may be communicated to clients through SMS, email, trading platform notifications or any other approved communication channel.

21. Periodic Review

a. This Risk Management Policy shall be reviewed at least annually or earlier if required due to regulatory changes issued by SEBI, Exchanges, Depositories or Clearing Corporations.

b. Any modification to this policy shall be approved by the Board of Directors or authorized committee thereof.