

RISK MANAGEMENT SYSTEM OF DP&CO

Preamble :

Durga Prasad & Co (DP&CO) is registered with and regulated by the Securities and Exchange Board of India (SEBI) as a stock broker. As a Stock Broker, DP&CO is a trading and clearing member in Cash Segment and Trading Member in Futures & Options Segment of National Stock Exchange of India Ltd (NSE) and Trading Member in Currency Derivative Segment of National Stock Exchange of India Ltd (NSE) and is regulated by the stock exchanges through the irrespective bye-laws, rules and regulations.

In the course of conducting its broking business, DP&CO is exposed to variety of risks including market, credit, liquidity, operational and other risk that are material and require comprehensive controls and ongoing oversight

We set out below the principles of our risk management framework:

Cash Equity :

In the case of clients, DP&CO has a robust mechanism for ensuring availability of funds and securities towards settlement of transactions. Clients can maintain margins in the form of cash and securities. Appropriate haircuts are applied to the securities accepted as collateral.

For those clients who have not granted a limited power of attorney to the company, DP&CO receives delivery of eligible securities in the Constituent's depository account or cash in the constituent's bank account opened by DP&CO for this purpose.

In case of DP&CO associates or their related accounts where no margin is collected, they have to obtain pre-clearance for execution of such trades as per the company's rules and procedures.

Futures & Options and Currency Derivatives :

As per SEBI and Exchange rules and regulations, margins are collected upfront from the clients. Clients can maintain margins in the form of cash and Exchange approved securities. Appropriate haircuts are applied to the securities accepted as collateral. MTM, Premium and assignment amount is collected in the form of cash.

In the case of the clients who are traded in the Futures & Options and Currency derivatives Segments the margin is collected by way of cash and / or exchange approved securities deposited in DP&CO's constituent account. In the case where client could not meet the margin requirements, MTM, Premium and assignment amount the open position of the client will be squared off, if even thereafter the client could not meet the obligation of MTM, Premium and assignment amount the shares accepted as collateral will be disposed and settled against his obligation in future & options segment.

DP&CO has the absolute discretion to change the above based on review of the risk management framework and/or any changes in the regulatory framework/settlement mechanism, etc.