

# BHARAT BHUSHAN EQUITY TRADERS LTD

## Risk Management System

As the business of stock broking faces numerous risks, it is extremely important for all staff members to be alert and exercise caution in all aspects of the business starting from Registration of Clients, Trading to Settlement of Funds & Securities Obligations. Whereas it is not possible to list each and every possible risk probability, the following are the important and to be kept in mind.

The Risk Management can be divided into:

(A) Back End

1. Client Registration
2. Settlement of Fund Obligations by Client
3. Settlement of Security Obligations by Client.

(B) Front End

1. Size/value of Orders
2. Nature of Scrips - Liquid/ Illiquid
3. Awareness of Account Status.

(A) Back End

1. Client Registration

- a) All Clients must be introduced by an existing Client/Sub-broker.
- b) 100% completion of KYC formalities and verification – Any doubts to be discussed with senior.
- c) Approval of concern authority, signing & UCC as per Exchange Rules.
- d) Release of client code for trading only after successful of UCC input.

2. Fund Obligations

- a) The Client is required to meet margin and net debit obligations on an immediate basis. As payout is on T+2, full payment must be received by T+2 morning.

- b) It is important to see that client is paying from own account only.
- c) Net Transfers should be encouraged.
- d) As the clients maintain running accounts and do not settle on day-to-day basis, it is important that we meet our obligations to the client promptly & efficiently.
- e) Please inform immediately of any client's cheque returned/bounced.

### 3. Security Obligations

- a) The Client must meet his Security Pay-in Obligations from his Own Demat Account promptly so that Auction does not take place.
- b) Operations staff must follow up continuously with Clients to ensure full delivery.
- c) Before release of shares, direct payout or otherwise, client account balance and status should be checked. All instances of lien must be brought to attention of a senior.

### B. Front End

This is a Key Area.

- a) Please discuss with concern authority and introducer as to value and nature of trading of a new client.
- b) It is preferable that a client places orders through one dealer so that overall status can be monitored.
- c) The dealer should keep abreast of client's overall account status and day trading (net-buy especially)

All are welcome to add their input/suggestions at all times to secure the Company.