

Risk Management Policy

Limit Setting :

Limits Shall be monitored on daily basis, taking following criteria's: Turnover, Exposure, Past trends, Location, Deposit/Collateral.

Margins :

Margins must be collected on all derivative trades. Initial Margin should be collected on upfront basis. MTM Margin must be collected on T+1 day.

Client level margin will be at management discretion. Shares accepted as collateral margin will be accepted at a minimum of 40% haircut only. Only in highly volatile or negative days relaxation on 40% haircut can be given at management discretion upto VAR of the particular scrip.

Trading :

Trading in illiquid scrip shall not be permitted. On detection of such trading, the risk manager shall use his discretion to shut down the terminal after intimating the management.

Pay-in of Fund & Stock:

Third party pay-in of securities & fund will not be accepted. Same way pay-out of shares & funds will be directly done to client account only.

Collections :

Cash will not be accepted under any circumstances except in case of cheque bouncing. Collection of cheque from clients must be done on T+2 days except clients who have authorized us to have running account balance.

The Omniscient Securities Pvt Ltd

Write up on Internal Controls

INTERNAL CONTROLS AND MARGIN CONTROLS

Over the years, there hasn't been much change in our RISK MANAGEMENT policy primarily because we are very conservative and cautious in our client's selection.

Registration of Clients: Clients selection is also based on references or personally being known to them and not clients whom we do not know personally. In case if our management is fine with registering the corporate or Individual Client only than the docket containing all necessary papers including KYC Agreement Etc are given. All forms are duly checked before opening the account and UCC uploads.

Margin / Deposit Collection: Since couple of years i.e. May 2005, there has been clear relaxation from the regulators in terms of enabling brokers to use their prudent decision in terms of collection of margins and settlement funds from the clients as the T+2 environment demands an entirely fresh thinking in terms of risk management compared to older environment of longer settlement cycle. We take sufficient margin deposit from trading clients. For clients delivery based transactions, wherever necessary we take advance shares or funds as the case may be. In many instances we have done early pay-in of shares sold by clients in order to meet high margins. Another good feature that has been put in place by regulators is to bring the CM segment margining in line with FO segment i.e. advance margining system. That has brought a great relief to us brokers and reduced the risk of bad debts. However in our case we have asked client to have credit with us and the routing of order is done most of the time if sufficient credit is in place failing which we request them to credit our account or send cheque immediately. To add to the security aspect as we are depository participants few clients have there accounts with us which give us the additional comfort. So the risk is very well controlled. Our Ctcl of Odin is scalable in risk management parameters. For our NSE F&O segment we strictly follow the rule of advance margining system and have collected sizeable margins from our clients in the form of shares and cash as applicable. Our margin files for NSE F&O segment are regularly being uploaded to the exchange and reflect the true picture of margins lying with us for those respective clients. Also since we are ourselves a DP with CDSL, having some of our client's demat accounts with us; it becomes easier for us to monitor their financial capabilities.

Payin Payout to clients: Most of the time if the clients account has a credit than we transfer the shares directly into respective clients account through the direct payout facility of the exchange. In cases client's payment is pending than we hold back their shares till payment is received.

Payment of Dividend etc: Most of the times Dividend or any corporate accruals, etc, credits are received by the clients as shares are directly transferred to the clients account on payout day or next day. There are times under instruction of clients we may hold shares within which time the go Ex-Dividend /Ex Bonus etc. In such cases credits belonging to respective clients be given ASAP. They should be credited immediately to the respective clients account without delay.

Continuity Planning/Alternate plan in case of Disaster etc. Generally the Trading is hardly disrupted as the exchanges have the systems and infrastructure in place. In case of connectivity issues it is informed to use the contingency pool of the exchange. As a policy all backups on a daily basis should be taken at two systems so as to avoid any Continuity issues.

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