Risk Management Policy

Index

I. Introduction

Investment in securities is susceptible to market risks which cannot be predicted. The Account Opening Document contains an explanation of different types of risks our Customers are likely to face in the market. While the risk of loss is inherent in the market, we as your Broker seek to minimize the risk of loss through a dynamic risk management policy which is an essential feature of our operations. As our customer, it is important for you to be aware of our Risk Management Policy and how the Policy would operate to regulate your transactions. It is also important that the Risk Management Policy is not an insurance against losses; these are measures and precautions that are adopted to contain risks to the minimum. The Policy is subject to change according to our risk perceptions of the market and SEBI/Exchange regulations for the time being in force.

II. Scrip Categorization

For the purpose of risk management, we categorize Scrips listed on NSE and BSE as “Blue Chip“, “Good”, “Average” or “Poor” on the basis of their fundamentals, volatility, liquidity, trading pattern and overall concentration with individual customers. These categorizations form the basis for defining hair-cut on collateral, providing exposure limits, impose trading restrictions, calculate projected risk, prioritize collection, control exchange surveillance related risk, etc.

Criteria	Sub-criteria	Blue Chip	Good	Average	Poor	Restricted
Financial	**Market Cap**	>=5000 Cr	>=500 Cr	>=100 Cr	<=100 Cr	
	Net Worth	>=2000 Cr	>=500 Cr	>=100 Cr	<=100 Cr	
	F&O	Yes	No	No	No	No
	Employee	>=50 Cr	>=10 Cr	>=2 Cr	<=2 Cr	<=0.50 Cr
	Power	>=50 Cr	>=10 Cr	>=2 Cr	<=2 Cr	<=0.50 Cr
	Tax	>=50 Cr	>=10 Cr	>=2 Cr	<=2 Cr	<=0.50 Cr

Scrip Category	Criteria for Scrip Selection
Blue Chip	• Market Cap & Net worth should be greater than equal to Rs. 5000 Cr and Rs. 2000 Cr respectively. Moreover, from Employee cost, Power cost & Tax, at least any 2 should be greater than equal to Rs. 50 Cr for last 2 years. • There is an exception in the rule for banking stocks that if it is listed in F&O market then Employee cost, Power cost and/or Tax may or may not be greater than Rs. 50 Cr. • Scrip should be listed in F&O segment.
Good	• Market Cap & Net worth should be greater than equal to Rs. 500 Cr. Moreover, from Employee cost, Power cost & Tax, at least any 2 should be greater than equal to Rs. 10 Cr for last 2 years. • Scrip satisfying Blue Chip criteria but not listed in F&O segment should be graded as Good. • Bank stocks not listed in F&O segment should also be categorized as Good.
Average	• Market Cap & Net worth should be greater than equal to Rs. 100 Cr. Moreover, from Employee cost, Power cost & Tax, at least any 2 should be greater than equal to Rs. 2 Cr for last 2 years.
Poor	• Market Cap & Net worth should be less than equal to Rs. 100 Cr. Moreover, from Employee cost, Power cost & Tax, at least any 2 should be less than equal to Rs. 2 Cr for last 2 years.
Restricted	• Employee cost, Power cost & Tax at least any 2 should be less than equal to Rs. 0.50 Cr for last 2 years.

Note: Based on the above fundamental parameters scrip might qualify in a particular category, but management reserves the right to assign any or lower category based on various other parameters **mainly liquidity**. The list will be reviewed at the sole discretion of company and the revised list will be updated in the client back office login. However, in extremely volatile market condition, or in case of warnings by regulators/exchanges, scrips may be re-categorized without prior notice and the customers shall regularize their accounts and trade accordingly.

III. Dealing in Restricted Scrips

In order to exercise additional due diligence while trading in these securities either on own account or on behalf of their clients:

- Goodwill reserves the right to refuse execution of any transaction requests of the client on such restricted securities or to reduce the open market interests of the client in such securities/ contracts.
- Goodwill also reserves the right not to allow any trades or transactions in respect of certain securities or segments or orders/requests which may be below/above certain value/quantity as may be decided by Goodwill from time to time.

IV. Illiquid Contracts and Bonds - Restricted Contracts

We are restricting/ blocking certain Future and options contracts on trading platform to avoid Malpractices or erroneous trading. The Parameters on which we are restricting/ blocking such Contracts are as under:-

Open interest value in the contract is less than 25 Lacs. For future contract Open interest x closing prices< 25 lacs, in case of option open interest quantity x (strike price + closing Premium price) < 25 lacs.

Or

In case of Option contracts, if strike price falls (+,-) 30 % of previous day closing price of that Particular scrip in cash market.

Or

Far month contracts and all contracts having expiry more than 6 months

Any contract which falls under the above parameters will be not allowed for trading on trading Terminals

V. Illiquid contracts for Currency / Commodities segment

- Contracts in currency where the OI is less than 500 would be blocked for trading
- Contracts in commodities where the OI is less than 50 lots would be blocked for trading

Illiquid Bonds

We are restricting/ blocking certain Bonds on trading platform to avoid Malpractices or erroneous trading. The Parameters on which we are restricting/ blocking such Bonds are as under:-

BOND scrip's would block for trading, ifTotal turnover (Traded quantity*Closing Rate) < 25 lac

BOND scrip's would open for trading, if Total turnover (Traded quantity*Closing Rate) > 25 lac

Where Bonds are blocked for trading, Orders can be placed from the centralized desk at HO Dealing Department.

Without prejudice to Goodwill's right to restrict/block derivative contracts on the above parameters, Goodwill may from time to time also restrict client level open interests in any contract(s), in its absolute discretion, depending on its own independent assessment of the market volatility and/or having regard to any client level/or Member level restrictions in any contract(s) prescribed by the market regulators. However, in restricting/blocking derivative contracts, Goodwill shall be at liberty to prescribe a limit lower than the maximum limit that the Regulator may prescribe for any contract(s) from time to time. Further, in order to ensure that the Member level limit prescribed by the Regulator is not violated in any contract, Goodwill may also decline further exposure to a Client even if the Client may not have exhausted the client level limit otherwise available to him/her. . .

Circular or Insider trading is strictly prohibited. Action shall be initiated against any trade resulting in price rigging.

Further we restrict other scrips falling under categories as mentioned below:-

Re-listing Scrips: The scrips are blocked / restricted for trading on the first day of re-listing as risk of price discovery prevails in the market. Such scrips fall under the Restricted and the applicable conditions mentioned above would be applied.

- **Other restrictions:**

  In case of bulk / block deal, prior approval from Risk & compliance will be required

Goodwill shall not be responsible for non-execution/delay in execution of orders in restricted scrips and contracts and consequential opportunity loss or financial loss to the customer. Goodwill shall have the discretion to place such restrictions, notwithstanding the fact that customer has adequate credit balance or margin available in his account and/or the customer had previously purchased or sold such securities / contracts through Goodwill itself. Goodwill shall have the right to revise the list of such securities / contracts on a periodic basis.

VI. Categorization of the securities under GSM and relevant surveillance actions

Graded Surveillance Measure (GSM)

Securities and Exchange Board of India (SEBI) and Exchanges in order to enhance market integrity and safeguard interest of investors, have been introducing various enhanced pre-emptive surveillance measures such as reduction in price band, periodic call auction and transfer of securities to Trade for Trade segment from time to time.

In addition to existing Surveillance action being imposed from time to time, it may be noted that these securities shall be monitored for the price movement and based onthe pre-determined objective criteria shall attract additional graded surveillance measures.

- GSM Stocks not allowed to trade under MIS or Intraday products

All of the scrips under GSM would be under **Poor and Restricted scrip Category**

NSE Link GSM Stocks- https://www.nseindia.com/reports/gsm

Stage	Surveillance Actions	What this means for Clients
I	Transfer to trade for trade with price band of 5 % or lower as applicable.	
II	Trade for trade with price band of 5 % or lower as applicable and Additional Surveillance Deposit (ASD) of 50% of trade value to be collected from Buyer	For Poor and Restricted scrips 100% margin is taken upfront. When the scrip moves in this stage, over and above 100% margin , additional 50% ASD would be collected from the buyer which would be kept separately. The client will not be get any additional exposure against this ASD
III	Trading permitted once a week trading and ASD 100% of trade value to be deposited by the buyers (Every Monday)	When the scrip moves in this stage, over and above 100% margin , additional 100% ASD would be collected from the buyer which would be kept separately. The client will not be get any additional exposure against this ASD. The buying in these scrips would be restricted to once a week i.e. each Monday
IV	Trading permitted once a week trading with ASD 200% of trade value to be deposited by the buyers (Every Monday)	When the scrip moves in this stage, over and above 100% margin , additional 200% ASD would be collected from the buyer which would be kept separately. The client will not be get any additional exposure against this ASD. The buying in these scrips would be restricted to once a week i.e. each Monday

V	Trading permitted once a month trading with ASD 200% of trade value to be deposited by the buyers (First Monday of the month)	When the scrip moves in this stage, over and above 100% margin , additional 200% ASD would be collected from the buyer which would be kept separately. The client will not be get any additional exposure against this ASD. The buying in these scrips would be restricted to once a month i.e. first Monday of each month
VI	Trading permitted once a month with no upward movement in price of the security with ASD 200% of trade value to be deposited by the buyers (First Monday of the month)	When the scrip moves in this stage, over and above 100% margin , additional 200% ASD would be collected from the buyer which would be kept separately. The client will not be get any additional exposure against this ASD. The buying in these scrips would be restricted to once a month i.e. first Monday of each month and there would not be any upward movement in Price

GSM Stock Margin Requirement:

To buy GSM stocks additional margin will be applicable as per GSM stage

Example 1:

OMKARCHEM Price = Rs.700/-

GSM stock Stage = 2

Additional Margin Requirement = 7000 x 50% = Rs.3500

Margin Required to buy OMKARCHEM 10 Qty = Rs.7000 + Rs.3500 = Rs.10500

Example 2:

ASIL Price = Rs.300/-

GSM stock Stage = 3

Additional Margin Requirement = 3000 x 100% = Rs.3000

Margin Required to buy OMKARCHEM 10 Qty = Rs.3000 + Rs.3000 = Rs.6000

Additional Notes

a. The list of securities moving from higher stage of Graded Surveillance Measures is informed time to time by the regulators
b. Additional Surveillance Deposit (ASD) shall be paid only in form of cash and to be retained till review of the Graded Surveillance stages i.e. Quarterly review.
c. This ASD shall not be refunded or adjusted even if securities purchased is sold off at the later stage within a quarter and also shall not be considered for giving further exposure.

d. ASD shall be over and above existing margins or deposits levied by the Exchanges on transactions in such companies and shall be interest free.

e. In case the scheduled trading day is falling on a trading holiday, the trading shall be permitted on the next trading day.

f. Periodic review of securities under GSM framework, to assess relaxation of surveillance action, if any, shall be carried out on a quarterly basis. The review shall be done based on the objective criteria and only securities under Stage II onwards shall be eligible for the quarterly review. For example, a company in stage III of GSM can be moved back to stage II if qualified based on the said objective criteria

Additional Surveillance Measure (ASM)

In continuation to various surveillance measures already implemented, SEBI and Exchanges, pursuant to discussions in joint surveillance meetings, have decided that along with the aforesaid measures there shall be Additional Surveillance Measures (ASM) on securities with surveillance concerns based on objective parameters viz. Price / Volume variation, Volatility etc.

- 100% Margin applicable for buying ASM stocks under CNC product
- ASM Stocks not allowed to trade under MIS or Intraday product type

ASM Stock Margin Requirement:

No additional margin is required to buy ASM Stocks.

Example:

DHFL Price = Rs.500/-

ASM Stage = 3

Margin Required to buy DHFL 10 Qty = Rs.5000

Additional Margin Requirement = Rs.0

Risk Management Policy

We understand, that the Company has adopted this policy in its capacity as a SEBI registered intermediary with an objective to mitigate any risks involved in relation to investments made by its clients and handling of client portfolios. However, the policy does not provide for methods to manage any risks arising from its business or the industry in which it operates such as technological, economic and market risks that the Company may be subject to. Pursuant to Regulation 17(9) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015, (the "Listing Regulations"), the board of the Company is required to frame risk management plan and lay down procedures for risks assessments and minimization procedures

Insider Trading Policy

We understand that the Company has adopted this policy in the capacity of a SEBI registered intermediary to deal in the securities of other entities based on client accounts and not in its capacity of being "to be listed entity". Once listed, the Company will be required to adopt Code of Fair Disclosure pursuant to Regulation 8(1) of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (the "Insider Trading Regulations") and a Code of Conduct pursuant to Regulation 9(1) of Insider Trading Regulations for dealing in its own securities

VII. Assigning Trading Limits

Margin/Deposit based limits are assigned to the customers for trading purpose. VaR/SPAN margin specified by the exchanges is blocked at scrip level on the positions taken by the clients during the day.

i) **Deposit calculation:** Deposit is calculated at customer level after netting off ledger balance in all segments and Collateral stock lying in Goodwill. Margin is calculated as follows:
ii) **Margin** = Ledger Balance (Credit Only) + Net value after haircut of collateral equivalent to available credit margin (Pledged Stocks available with Goodwill).
iii) **Valuation of collateral:** Collateral stock valuation is done on previous day's closing price. Net valuation is calculated by applying appropriate haircut based on VaR margin percentage specified by the exchanges or Goodwill prescribed rates, as the case may be.
iv) **Extreme market conditions:** Limits are assigned based on credit in the ledger. In such conditions, clients will be allowed to buy only to the extent of ledger credit available.
v) **Single order quantity and value cap:** In order to minimize loss from possible punching errors by a dealer while executing the transaction for a customer, Risk Management of

Goodwill puts restriction by capping the maximum quantity and value per order and orders exceeding that maximum quantity or value cap will be rejected. Goodwill also sets terminal level limits to contain loss from erroneous trades getting executed. Goodwill shall not assume any liability in respect of orders rejected by reason of their quantity or value exceeding the cap value.

VIII. Margin collection in Derivative segments

Margin is collected upfront from all clients in leveraged segments. Daily Mark to Market losses shall have to be paid latest by T+1 day and any shortages in respect of Margin shall be payable forthwith. In case of default to provide Mark to Market losses or Margins accordingly, Goodwill shall be entitled to square off the open market positions without further reference or notice to the Clients. In case of extreme market volatility, margins may be demanded on intra-day basis and Clients should be able to replenish margins on immediate basis to avoid square off. Where market conditions so warrant, Goodwill may demand payment by electronic transfer and refuse to accept payment by cheque. Shortage in Margin shall attract penalty as may be levied by the Exchange.

Note: Collateral provided as margins should not be exceeding the concentration values mentioned below as per their categories.

Restrictions on acceptance of single scrip concentration as per category are given below:

Scrip Concentration for cash and derivatives segments:

If any debit arises due to scrip concentration then client needs to update the funds or transfer other approved securities or reduce the concentrated scrip to the extent of breach value

Restrictions on acceptance of single scrip concentration as per category are given below:

- Acceptance of single “Blue chip” category scrip should not be more than 3 crores.
- Acceptance of single “Good” category scrips should not be more than 50 lacs
- Acceptance of single “Average” category scrips should not be more than 20 lacs.

Over and above the category cap, we will not allow our clients to go beyond 0.5% of the market cap of the company in single scrip In case of deviation to the above deviations, a time period of 7 days would be given. However, in cases of volatile market conditions or cases where there is abnormal movement in the underlying or due to any other reason where the risk management team feels that the position cannot be allowed to continue, the leeway of the 7 days may be withdrawn and the position may be liquidated

IX. Margin Reporting

1. For same day margin requirements, clear ledger balance as on date will be considered.
2. Ledger balance calculation will be done by netting off balances across segments i.e. Cash, F&O, Currency and Commodity.
3. Across all segments, shares in collateral with previous day's valuation, after Goodwill prescribed haircut, will be considered.
4. Post valuation/calculation of the above, NSE FO will be given first preference and in case of excess margin, the same will be considered for reporting of Currency Derivatives, MCX &then NCDEX.
5. All other terms & conditions including levying of margin shortfall penalty will remain as is and in line with regulatory requirements.

X. Intimation to clients

Client can view details of his/her ledger, holdings, margin shortfall etc via secured login on Goodwill trading website. Regular intimations regarding debit, information about margin Shortage with penalty amount (real time margin shortage), communication regarding liquidation is sent through SMS and email on the clients' registered mobile number and email address respectively

XI. Intraday Product Policy

- NFO Stocks are eligible for Equity intraday trading (Both buy & sell \ sell & buy)
- Non-NFO Stocks are eligible for Equity intraday trading to buy & sell only
- Positions created under Intraday Product would be subject to either client himself squaring off OR dealer based square off OR MTM Loss @ 80% of Total Deposit - MTM Square off OR Time Based Square off
- Client cannot Carry Forward any positions in Intraday Product All pending orders / unexecuted / partial orders will be cancelled as per intraday product features

- No fresh orders will be accepted in Intraday after Time based square off
- Square off Times will be as under for the following exchanges (Derivatives: 3.15 pm, Commodities: 11.15 pm (if the market closes at 11.55 pm then the square off time would be 11.40 pm)
- All positions under Intraday Product will be subject to 80% MTM Loss i.e. positions will be liquidated if loss reaches to a pre decided level of client margin loss. The OPEN Positions (i.e. the carry forward overnight positions) and the intraday leverage position (across segments) will also be squared off at 80% MTM
- At MTM loss the position will be reduced on best effort basis and customer will be liable for such losses
- Clients registered with Goodwill and dealing in Capital Market / Derivative Market having allotted client code as UCC would be availed the facility offered by Goodwill in Intraday trading in the exchange segments in which client is registered for trading.
- Client confirms that he is aware of the Intraday Product and its features and have clearly Understood the risks associated with Intraday Trading
- Client understands that he/she is allowed a higher leverage in the Intraday Trading Facility as compared to trades in the regular market positions and, therefore, while the opportunity for making profits on the investment is magnified, the risk of loss would also be enlarged correspondingly
- Client understands that Intraday Trading would be allowed only if the margin required under the Facility is already available in his account with Goodwill
- Client agrees and accepts that enlisting him/her for the Intraday Trading Facility shall not oblige him/ her to place Intraday Orders requested in any scrips even though margin required for placing a trade order under the Facility is available in the account
- Client also understands and agree that the option to convert Intraday trade positions to carry forward positions is subject to full margin being made available upfront unless such margin is already lying to the credit of the account with Goodwill
- Clients are aware that under the Facility, unless the positions are carried forward as stated above, all open positions shall be squared off by Risk Management Team at the prescribed cut-off time on the same day of their acquisition unless the positions are sooner squared off upon the positions incurring a loss to the extent of the prescribed maximum limit or more as may be determined from time to time

- Client agrees and accepts that if for any reason beyond our control, like force majeure causes, disruptions in the communication network, system failure, slow or delayed response from system, trading halts, or the Exchange applying circuit filters because of which the open Intraday positions could not be squared off and are carried forward, client is expected only to Square them off on a best effort basis, as soon as may be, and any and all losses arising from such events will be to my/our account
- Client agree and accept that he/she will not hold Goodwill Wealth Management Pvt. Ltd, their directors, officers or employees liable for any loss that may sustain as a consequence of availing of this facility. All terms and conditions of the agreement that are executed shall remain effective and in force in all respect until terminated in terms thereof. Client are expected to refer FAQ about Intraday Product sent to them for detail understanding of the features and risk of Intraday Product

Intraday Product

A) Product Features:

Intraday product is designed for higher market exposure to Clients in Equity Cash market, against a given investment. This product is suitable to Clients who are keen to make most out of favorable market movement from a given investment. The product allows the Client market exposure several times more than what would otherwise be possible in the normal order types with a given amount as margin. Intraday products are opened for the day and squared off the same day, following certain pre-defined logic.

How to place Orders as Intraday Product:

To trade in this product, Orders have to be placed specifically marked as "Intraday / MIS" trade. Clients may place orders for this product in offline or online modes, as in the case of regular orders.

The margin blocked against a unit of INTRADAY position is a reduced amount proportionally inverse to the limit multiplier chosen. For e.g. if the limit multiplier is 5, the margin blocked against per unit open position would be 1/5th of the margin that would be required for the same exposure in a normal trade.

Intraday Position Square off

All Intraday positions shall be squared off the same day following a predefined logic, automatically. Square off in different segments shall be carried out as per the time schedule shown below:

Segment	Square off time (Time based square off)
Capital and Derivative Segments of equity market	After 3.15 PM (market closure at 3.30 PM)
Commodity Segments	1. After 11.15 PM (market closure at 11.30 PM) 2. After 11.40 PM (market closure at 11.55 PM)

However, if the MTM on "Intraday" positions reaches 80% (the trigger) of the total funds (cash and cash equivalent of collateral securities as adjusted to hair cut) available, the "INTRADAY" positions would be closed out as soon as the trigger is reached. In this case, all open positions across all segments, i.e., including positions other than Intraday positions, will also get squared off simultaneously. The Risk Management System of Goodwill (RMS) will constantly monitor the "Intraday" positions for the Clients and close them out accordingly.

After the positions are squared off, whether time-based or trigger based, no fresh Intraday positions would be allowed for the day and all pending orders would be cancelled. Clients have the option of squaring off the intraday positions any time before they are squared off as per the above pre-defined logic. They will also have the option to convert INTRADAY positions before they are squared off into CARRYFORWARD positions Goodwill will notify the Clients through SMS and/or emails, if the Intraday positions incur MtoM loss. SMS intimation would be sent when the MtoM loss is at 70% and 80% of the total funds (cash and cash equivalent of collateral securities as adjusted to hair cut) in the Client account. Client may make payment online (net transfer) to replenish funds so that compulsory square off trigger is not activated which shall be across positions in all segments

Intraday Product Note - Frequently Asked Questions (FAQ's)

1. **What are the benefits of INTRADAY PRODUCT?**

   One can take higher leverage on a given investment as per ones risk appetite. For example, one can take maximum leverage up to 5 times of the margin available (Cash + Collateral) in equity segment.

2. **How does it function?**

   Intraday Product is an intraday order facility, wherein client's orders are squared off the same day following certain pre-defined logic. The margins blocked against Intraday product would be a reduced amount depending upon the limit multiplier. Higher the limit multiplier, proportionally lower would be the per unit margin for the positions contracted. The Intraday position is monitored by Goodwill RMS and squared off on T day, which shall be either time based or as the case may be trigger based, whichever event occurs first

3. **What happens if you have taken one trade in Intraday product & other trade on Carry Forward product for the same scrip/contract?**

   When the intraday positions are squared off at the trigger (i.e., when MtoM loss equals or exceeds 80% of the total funds (cash and cash equivalent as adjusted to hair cut), all open market positions, across all segments, whether in the same scrip or not, get squared off automatically. Except in this situation, positions other than Intraday positions would not be affected; they would be maintained subject to availability of margin as per the margin norms unless the Client initiates square off. It is further clarified that if and when available funds (cash and cash equivalents) are eroded by 80% due to MtoM in any positions, not necessarily Intraday positions, all open interests, including carry forwards shall be auto squared off, following auto square off policy.

4. **Is Intraday Product available at all times for Clients to trade?**

   Availability of Intraday product will depend upon Goodwill's assessment of market volatility and risk. Goodwill may withdraw or temporarily disable the facility to place orders as Intraday orders without assigning any reasons

5. **How to place a Intraday order?**

   Option to place Intraday order is available in all our Online Trading platforms. Place order from any of the trading platforms as per your convenience. In the order placement screen select product type "Intraday / MIS" while placing order

6. **Can Intraday order be modified after order placement?**

   All the pending unexecuted Intraday orders (partially or fully) can be modified or cancelled anytime before execution. Margin requirements will be recalculated and adjusted accordingly

7. **On what basis is Exposure/ trading Limit calculated for Intraday Order**?

   Exposure /Trading Limit is calculated on the basis of Net Available Balance (Ledger balance + Collateral (after Haircut) in equity segment

8. **Is there any charge to avail of this facility?**

   No charges, except for brokerage and other levies as applicable on regular trades

9. **What happens if a pending Intraday order is NOT executed?**

   All such orders would be cancelled immediately before time based square off is initiated

XII. Bracket Order & Cover Order

Bracket Order

In Bracket Order a Client or Dealer can place Buy / Sell order with a Target and a Stoploss orders at a time. As soon as the main order is executed, the system will place two more orders (i.e) Target and Stoploss orders defined by user. When any one of the two pending orders (i.e) Target or Stoploss gets executed, then the other order will get cancelled automatically.

Cover Order

In Cover Order a Client or Dealer can place Buy / Sell order with a Stoploss orders at a time. As soon as the main order is executed, the system will place Stoploss orders defined by user.

Note:

- Bracket Order & Cover Order is a day product, So all Bracket Order (BO) & Cover Order (CO) positions will be squared off by TIMER Square-off around 3:15 PM in case of Equity and 11.15 PM / 11.40 PM in case of commodity segments.

- Bracket Order & Cover Order can be placed only in NSE EQ, F&O and MCX Commodity segments.

XIII. Margin Shortfall Policy – RMS Square off

Margin Shortfall Due to Increase in margin

Exchange will revise the margin requirement several times during the trading day, Hence client has to maintain sufficient margin to fulfil the upfront margin requirement. In case of any margin shortfall occurs due to aforesaid scenarios, RMS will square-off the position to fulfil the margin requirement on T+1 before 10.00 AM to avoid peak margin penalty to member.

Margin Shortfall Due to MTM Loss

T day MTM shortfall has to pay on or before 10.00 AM on T+1 day. If clients failed to do the fund transfer for the shortfall amount as mentioned earlier then RMS will square-off the open position to fulfil upfront margin requirement.

Case 1: If there is a margin shortfall for carry forward position greater than Rs.100/- on T+1.

Case 2: If margin shortfall breaches 120% for the open positions due MTM loss on T day.

Case 1: Margin shortfall square-off examples:

If the margin shortfall amount greater than Rs.100/- and payment not updated before 10.00AM on T+1 day then RMS will initiate square-off. Kindly find the below sample cases where RMS square-off has been initiated

Client	Symbol	Net Qty	Total Available Balance	Margin Used	Margin shortfall amount	Margin Shortfall %	Status
A	BANKNIFTY	1	125000	125316.25	-316.25	100.25	RMS Square-off Executed
B	GOLD	1	454000	455645	-1645	100.36	RMS Square-off Executed
C	CRUDEOIL	1	400000	407293	-7293	101.82	RMS Square-off Executed
D	GOLDPETAL	1	350	455	-105	130.00	RMS Square-off Executed
E	NATURALGAS	1	36800	36868	-68	100.18	No action taken

Case 2: Margin shortfall square-off examples:

If the margin shortfall percentage breaches 120% RMS will initiate the square-off. Kindly find the below sample cases where RMS square-off has been initiated

Margin Shortfall including during the day MTM Loss									
Client	**Symbol**	**Net Qty**	**Total Available Balance**	**Margin Used**	**SPAN + EXP**	**MTM**	**Margin shortfall amount**	**Margin Shortfall %**	**Status**
A	BANKNIFTY	1	125000	153000	125000	-28000	-28000	122.40	RMS Square-off Executed
B	GOLD	1	454000	538000	454000	-84000	-84000	118.50	No action taken
C	CRUDEOIL	1	400000	495000	400000	-95000	-95000	123.75	RMS Square-off Executed
D	GOLDPETAL	1	350	550	350	-200	-200	157.14	RMS Square-off Executed
E	NATURALGAS	1	36800	33800	36800	3000	3000	91.85	No action taken

Goodwill shall not be liable for any loss arise due to RMS square off on non -payment as well as loss in case where RMS square off may not be done as per the above square off policy, due to any reason. Goodwill reserves the right to change the above policies at any time in general or in particular case within the Exchange guidelines.

XIV. Exposure Policy

The term ‘Exposure’ means the extent to which the client’s initial deposit can be utilized for trading activities. We have margin based RMS System. Total Deposits of the clients are uploaded in the system and the clients may take exposure basis of margin applicable for respective security as per VAR based margining system of the stock exchange and / or margin defined by the RMS based on its risk perception.

Please find the below default exposure details across segments

LEVERAGE POLICY				
SEGMENT	**MIS**	**CNC/NRML**	**BO**	**CO**
Equity FO Stocks	5X TIMES	1X TIMES	5X TIMES	5X TIMES
Equity VaR below 50%	5X TIMES (Buy & Sell)	1X TIMES	NA	NA
Equity VaR above 50%	2X TIMES (Buy & Sell)	1X TIMES	NA	NA
Equity Futures	NA	As Per SPAN + Exposure	1X TIMES	1X TIMES
Equity Option Buy	NA	Premium	NA	NA
Equity Option Sell	NA	As Per SPAN + Exposure	NA	NA
Commodity Futures	NA	As Per SPAN + ELM	1X TIMES	1X TIMES
Commodity Option Buy	NA	Premium	NA	NA
Commodity Option Sell	NA	As Per SPAN + ELM	NA	NA
Currency Futures	NA	As Per SPAN + Exposure	NA	NA
Currency Option Buy	NA	Premium	NA	NA
Currency Option Sell	NA	As Per SPAN + Exposure	NA	NA

Goodwill’s right to Change the margins under any conditions without any notice.

Goodwill shall increase the margin at any time, during the trading day or on any special day where Goodwill anticipates higher volatility in the market due to any of the following reasons without any notice,

- Exchange policy changes or regulation
- Government policy changes or regulation
- Stock broker internal policy changes

- Excessive or abnormal market movement / turnover / volatility in the domestic & Global markets.
- Any upcoming election results/ any other political changes.

XV. Auto square off process

Ageing Debit Square off (T+ 5)

It is client's obligation to clear his/her outstanding dues arising due to stock lower freeze, brokerage & other charges on T+1 & T+2 (T indicates Trading day).

Goodwill reserves the right to close the positions / sell securities to the extent of ledger debit arising due to stock lower freeze, brokerage & other charges.

Selling will be done in clients account on T+5 days for the ledger debit which is more than T+6 days on ageing basis. For e.g.: All trades executed on Monday will be squared off on next

Monday (T+5) where T indicates Trading day.

Sequence of Square Off:

Square off will be done considering scrips with latest settlement in a sequence of blue chip category first, followed by Good, Average and Poor scrips respectively. Where the client has not submitted the POA for the DP account or the DP account is made inactive.

XVI. Physical settlement

Equity Derivatives

- All Options contract (ITM / ATM / OTM) will be blocked for trading on the expiry day as well as four day prior to expiry for trading
- If the client wants to convert an ITM / ATM contract to physical delivery, the entire applicable delivery margin would have to be supplied in trances of 10%, 25%, 45%, 70% four days prior in the mentioned sequence respectively as mentioned by the regulators. In case the required margins are not supplied, Goodwill reserves the right to liquidate the contract without allowing to convert to physical settlement
- Square-off will be executed by RMS team after 12.00 PM on monthly expiry day for all the open positions in current month expiry FUTSTK, OPTSTK due to physical settlement

Commodity Derivatives

- Contracts would be blocked for trading five days prior the staggered period
- If the buyer wishes to convert the position to physical delivery, the entire value of the contract would be required. In case the amount is not supplied, Goodwill reserves the right to liquidate the contract without allowing to convert to physical settlement

As an experienced and professional investor and trader you would have observed that on 20.04.2020, the crude oil settlement rate went to negative on NYMEX and so also in MCX quite unexpectedly and in an unprecedented manner. This was not peculiar to us only but for all clients world over. So, any amount of margin would be insufficient under this extraordinary volatility and the liability on brokerage firms is unlimited. In view of this, we are making the following changes in our Risk Management policy for all physical delivery and cash-settled commodities as like as — Crude Oil, Natural Gas, and Crude Palm Oil (CPO).

1) Across Commodity Exchanges, contracts with all physical delivery are mandatorily closed out by 5.00 PM on the day prior to 5 working days to expiry day, else the position will start square-off by our Risk Management Team from 6.00 PM onwards. Only those who are willing to take or give delivery can continue to hold the position.

Example: For Gold, 05MAY2020 is expiry day on which the position is allowed to carry up to 5.00 PM on 28APR2020, if the position is not squared-off on or before said timing, then the position will start square-off by our Risk Management Team from 6.00 PM onwards, those who are willing to take or give delivery must provide a prior communication to RMS Team to hold the position.

2) Across Commodity Exchanges, contracts with all cash-settled commodities as likely as –Crude Oil, Natural Gas, and Crude Palm Oil (CPO) are mandatorily closed out by 5.00 PM on the expiry and no position will be allowed to carry after the said timing. If the position is not squared-off

on or before said timing, then the position will start square-off by Risk Management Team from 6.00 PM onwards.

Example : For Crude Oil, 18MAY2020 is expiry day on which the position is allowed to carry up to 5.00 PM on 18MAY2020, if the position is not squared-off on or before said timing, then the position will start square-off by our Risk Management Team by 6.00 PM onwards.

3) The additional margin of 300 % of the Contract Value should be deposited with us one day

prior to expiry date [If prior to a expiry date is falling on holiday, then this condition will be verified on previous working day] for all open cash-settled commodity contracts expiring the next day. Kindly note that if adequate margin as above is not provided one day prior by the Client, then the position will be squared off by our Risk Management Team by 10.00 PM onwards on the same day.

Example : For Crude Oil, 18MAY2020 is expiry day on which the position will be allowed to carried over up to 09.00 PM on 17MAY2020, if the additional margin of 300 % of the Contract Value is not provided on or before said timing, then the position will start square-off by our Risk Management Team by 10.00 PM onwards on 17MAY2020.

XVII. Derivatives Square-Off (Expiry Handling)

1. Applicability

- This policy covers all Futures and Options (F&O) contracts traded on NSE, BSE, and MCX.
- It includes both Index and Stock Derivative Contracts.

2. Automatic Square-Off Due to Expiry

- Futures Contracts:
  - Positions not squared off by the client on expiry day will generally be auto-squared off by Goodwill Wealth Management Pvt Ltd.
  - This is done to prevent physical settlement obligations under the new SEBI regulations.
- Options Contracts:
  - ITM (In-the-Money) Options:
    - These may be exercised automatically, leading to physical delivery obligations for stock options.
    - Goodwill may auto-square off ITM positions if sufficient margins are not maintained to avoid delivery.
  - OTM (Out-of-the-Money) Options:
    - These usually expire worthless.
    - No action is required unless margin or other specific conditions apply.

3. Brokerage & Charges Applicable

- Brokerage will be charged for:
  - Positions that are auto-squared off by the broker due to expiry.
  - Charges will be as per the client's agreed brokerage/tariff plan.
- Statutory Charges also apply:
  - STT (Securities Transaction Tax)
  - GST
  - Exchange Transaction Charges
  - SEBI Turnover Fees
  - Stamp Duty

Key Takeaways

- If you do not manually square off or roll over your open F&O positions before expiry:
  - The broker may forcibly close your position to avoid delivery.
  - You will incur brokerage and statutory charges.
  - Physical delivery-related charges may apply, especially in stock derivatives.
- Best Practice: Actively monitor and manage your positions ahead of expiry to avoid forced square-off and additional costs.

XVII. Peak Margin Collection and Reporting

As per SEBI's new framework on peak margin reporting (Collection of upfront margins), intraday leverages from Dec 1st 2020 is going to be capped at all brokerage firms. The cap on leverage offered will be increased in a phased manner between Dec 2020 and August 2021.

Starting Dec 1st, 2020, the maximum intraday leverage that can be offered by a broker will be restricted and this maximum leverage will keep reducing until Sep1'st 2021 post which a broker can give maximum leverage = VAR+ELM(min 20%) or SPAN + Exposure.

Stages	Peak Margin Requirement
Dec 2020 – Feb 2021	25% of the minimum 20% which is 5% of trade value for stocks or 25% of (SPAN+Exposure) for Derivatives
Mar 2021 – May 2021	50% of the minimum 20% which is 10% of trade value for stocks or 50% of (SPAN+Exposure) for Derivatives
June 2021 – Aug 2021	75% of the minimum 20% which is 15% of trade value for stocks or 75% of (SPAN+Exposure) for Derivatives
From September – 2021	100% of the minimum 20% which is 20% of trade value for stocks or 100% of (SPAN+Exposure) for Derivatives

Risk involved in Buy Back of shares under CNC product:

Please note that the buy-back of shares sold under CNC product will be considered as INTRADAY trade. Hence minimum 20% upfront margin is required while dealing with such practices failing which a penalty as per the exchange norms will be levied

Example: Client A has Cash balance of Rs.100/- and 1000 Qty SBIN stock in his Holdings. He sells SBIN 1000 qty at Rs.100 from his holdings and receives CNC sell benefit of Rs.80000(100000x80%). Using CNC CFS value client buys back the SBIN 800 qty at Rs.100. So SBIN 800 Qty buy sell trade becomes intraday trade. In this case clients fails to maintain adequate upfront margin to execute the intraday trade and this leads to a penalty.

Risk involved in margin reporting for Hedge positions:

To avoid the peak margin from getting reported for hedged positions, first exit the higher risk/margin position if adequate margins are not available. Margin requirements will be monitored by exchange including positions and any shortfall may lead to a penalty.

Example: Client A bought 1 lot of Nifty futures and bought 1 lot of Nifty puts. The margin required for naked Nifty futures is Rs.1,50,000, but since you also have bought the puts which cover the risk completely, the margin required drops to Rs 30,000. Client have Rs.1,50,000 in his account and he bought some stocks with the remaining Rs.1,20,000 and the only margin remaining is Rs 30,000 against which you hold 1 Nifty long future and 1 Nifty long put. If client now exit the Nifty long put position first, the margin requirement for 1 lot Nifty future will go back up to Rs.1,50,000 as the position isn't hedged anymore. While you might exit the Long Nifty future immediately, but the margin in the client account until he exit is only Rs.30,000 against which he hold 1 Nifty future, which means that there potentially can be a peak margin penalty on the Rs.1,20,000 that he will be short at this time.

In the above scenario RMS will intimate to the branch/client regarding the margin shortfall / peak margin shortfall. If clients fails to pay the required fund for the shortfall or fails to reduce the position for the shortfall, RMS will initiate Square-off and reduce the margin shortfall

So going forward, if client don't have any additional margin, it is always best to exit the higher risk/margin position first before exiting the lower risk positions. So, in the above example, exit the long Nifty future first and then the long puts to avoid any potential peak margin penalty.

Option Credit for Sale (CFS):

100% of Option Credit for Sale (CFS) value, will be considered for MTM calculation whereas, for margin calculation the CFS value will be considered only for option buy, due to settlement happening on T+1 DAY

Example: Client A has Cash balance of Rs.10000/-. He Squares off his NIFTY Carry forward option buy position at Rs.100/- so, the option CFS will be 75 x 100 = Rs.7500. In this case the Client's available balance for option buying is Rs.17500/- whereas the available balance other than option buying is Rs.10000.

Client A's available balance for MTM is Rs.17500/- and MTM square-off will be calculated from Rs.17500 x 80%.

Realized profit or Booked profit:

Realized profit or Booked profit will not be considered for margin calculation whereas the same will be considered for the MTM calculation due to settlement of Booked profit happening on T+1 Day.

Example: Client A has Cash balance of Rs.100000/-. He has Realized a profit of Rs.10000/- and Realized a loss of Rs.5000/-. In this case Client's available margin for buying is Rs.95000/- whereas available margin for MTM is Rs.105000/-. MTM square-off will be calculated from Rs.105000 x 80%.

CNC sell benefit (CFS):

80% CNC Sell benefit will be considered for margin and MTM calculation

Example: Client A has a Cash balance of Rs.100000/- and 100 Qty SBIN stock in his Holdings. He sells SBIN 100 Qty at Rs.200/- from his holdings. In this case Client's available balance for margin and MTM calculation is Rs.116000.

{Cash balance Rs.100000 + CNC Sell benefit Rs.16000} (CNC sell benefit = Rs.20000 x 80% = Rs.16000)

Cash and Cash Equivalent – Collateral

As per SEBI circular no. SEBI/HO/MRD2_DCAP/CIR/2021/0598 dated July 20, 2021 there is a change to get trading limits from 01st August 2022 onwards where it says about framework for "Segregation and Monitoring of Collateral at Client Level". The said circular inter-alias stipulated that minimum 50% cash equivalent collateral requirement and segment wise (Cash, Derivatives, Currency, and Commodity) upfront margin requirement is applicable at the client level. In view of the above, w.e.f. 01st August 2022, all clients shall require to maintain Cash and Non Cash Collateral in the ratio of 50:50 and maintain required margin at segment wise for the smooth and un-interrupted trading.

Example 1:

Cash Margin Available = Rs.1,00,000

Collateral After Haircut = Rs.5,00,000

Total Balance = Rs.2,00,000

Example 2:

Cash Margin Available = Rs.1,00,000

Collateral After Haircut = Rs.30,000

Total Balance = Rs.1,30,000

Note: Interest 24% will be charged for the excess amount used by the collateral clients if they failed to maintain 50% cash equivalent on total margin requirement.

XIX. Policy to Mitigate Other Risks associated with the Business

The Company realizes the importance of Risk Management framework and has taken early initiatives towards its implementation. The assessment and addressing of various risks shall be carried out considering the following key steps for clear understanding, reviewing, structured reporting and addressing

Use of various risk assessment techniques/processes:

a. Questionnaire and checklist.
b. Sharing of ideas and discussion of the events that would drastically impact the objectives, stakeholder expectations or key dependencies.
c. Onsite verifications and periodic audit of compliances.
d. Process flow diagrams of the activities and dependency analysis
e. Budgeting / Forecasting etc.

Risk Identification: if there is a material change in circumstances or a consequence that may occur, and whose occurrence, if it does take place, has significant harmful or negative impact on the achievement of the organization's business and goal

Risk description: Understanding the nature and quantum of risk and its likely impact, both financial and non-financial, and plan for possible mitigation measures

Risk Estimation: The process for estimating the cost of likely impact either by quantitative, semi- quantitative or qualitative approach in terms of the probability or occurrence and the possible consequences

Risk Reporting: Managers must report all new risks and changes to existing risks or probable risks in the respective functional areas to their immediate supervisor or vertical head or functional head, as soon as the manager has identified the risk. The supervisor or vertical head will in turn report all material and new risks and changes to existing risks with the plan to mitigate with the time line for implementation to the Internal Committee. The Internal Committee will have to update and seek advice to the members of Audit Committee and Board of Directors as well. The Internal Committee shall also monitor the mitigation process and ensure control and communicate to the stakeholders on regular basis as part of Corporate Governance

Risk Mitigation: A well-defined and thorough reviewed strategic plan duly approved by the Internal Committee and the members of the Board of Goodwill Wealth Management Pvt. Ltd. would then be prepared. This will be implemented in a structured way with the requisite changes in the existing system or practices within a time line to achieve the desired goal. The risk mitigation plan shall be reviewed and monitored by the Internal Audit of Goodwill Wealth Management Pvt. Ltd. in co-ordination with the Compliance Team and the progress of implementation shall be reported to the Audit Committee and Board Members on regular basis.

This risk assessment and management policy shall subject to change and modification, if needed, considering the dynamics of operations, business plans and strategy of managements from time to time. The Board of Directors before implementation shall approve all changes in this policy. The amended policy has to be uploaded on the website of Goodwill Wealth Management Pvt. Ltd. from time to time.

Escalation Matrix

Please find the below point of contact in case of any escalation

Level 1 : Mr. S.Ashok Kumar / Mr. R.Siva Kumar / Mr. K.Dinesh Kumar

Level 2 : Mr. R.Eswaran