

**Limit Policy:**

- Limit can be taken once obligation is closed.
- Normal Limits are provided by default. Additional (Intraday) Limits are provided by SARM, like 1.5 times on the request of the Dealer, 2 times on the request of the Branch Head and 3 times on the approval of Product Head / Regional Head / Regional Co-ordinator.
- RMS will provide Intraday limit of more than 3 times on approval of Product Head / Regional Head / Regional coordinator Only.
- Limits will be given as per the cheque/s updated in the DFMR site/ funds received in back office.
- If the list of clients are more than 2 who need intraday, then all the client codes need to be communicated through a mail considering all the pre-requisites.
- Spread limit is provided only when there is open position available.

**Position Square Off Policy:**

- Under the square off, in case of obligation it can be put under hold on the approval of the Product Head, the same approval cannot be considered for the MtM loss.
- SARM will call/flash message to Branches, whenever a client reaches to 60% or more losses in MTM, however it depends on the market conditions. If market is very volatile, then SARM may not be able to call branches before closing the positions.
- Branches are expected to be alert during heavy volatility and positions square-off are required at their end. However, SARM will be closing positions for all such clients in case branches are not doing the square off which may sometime lead to negative ledger then branches need to collect such kind of debits.
- SARM reserves right of closing / reducing position of any client who is exceeding the positions limit of a commodity fixed by the Exchange / SEBI.
- If a cheque gets bounced and that is creating negative ledger or obligation shortfall, such positions will be squared off by SARM .

**Open Interest Policy:**

- SARM will intimate clients open positions to RCH/ZCH if it crosses 50% of client wise exchange limit. (Near Month/ Overall)
- SARM will ask written confirmation from the client/RCH/ZCH about client's open positions.
- No Fresh position will be allowed to client if position crosses 75 % of Client wise exchange limit in a particular commodity.

- Online trading facility will not be allowed to client having positions more than 75% of Exchange limit as per the above point.
- In case of any client Violating the position limits, RMS department would square up the excess positions immediately without informing the branch to bring the position limits under control.
- The branches must clear the Excess positions by 12.30 Pm for those clients who are entering into the NEAR MONTH from the next trading day.

**Password Policy:**

- If any branch has forgot the password of CTCL Terminal, a mail needs to be sent to SARM. This needs approval of the Regional Product Head / Regional Coordinator/ZCH.
- Any client desires to re-set his login password then that request should be sent through KCTL website only.

**Position Holding Policy:**

- Incase of penalty due to margin shortfall, the clients are liable to pay the penalty amount and the branches are responsible to collect the same.
- If any dealer wishes to hold the excess positions of his/her clients, he/she must take mail approvals form his/her respective RCH/ZCH. In the absence to any approvals for holding excess positions, these excess positions will be squared up by the SARM department.
- Clients would not be allowed to hold Position in MTM Loss above 90%.
- In case of position holding in ledger debits, the approval must be taken from Business head only.
- All positions holding requests must be sent to the SARM department before 3 PM for Agri Commodities and before 10 PM for Non-agi Commodities.
- Clients having CBH history would not be considered for excess positions holding.

**Physical Delivery Policy:**

- Clients having positions which are staggered in nature must give the delivery intention to hold and carry over the positions for the next day till expiry of the contract. In the absence of such intentions ,the positions would be squared off by SARM department.
- Clients having positions which are staggered in nature must have sufficient margin to hold and carry over the positions for the next day till expiry of the contracts. In the absence of sufficient margins as prescribed by the exchanges ,the positions would be squared off by SARM department.

- During the staggered period Exchange may allocate the delivery for all the open positions which are on the long side. Therefore the SARM shall block the long positions to avoid any unwanted delivery.
- In case of early delivery selling /delivery selling back office department must confirm the same to SARM department through e-mails only.

**RMS policy of the PRO Trading**

- Separate PRO trading ID which are approved by the respective Exchanges must be used for PRO trading.
- Margin Utilized in PRO should not Exceed 2 Cr at any given point of time.
- MTM loss should not exceed 50 Lakhs in PRO trades on a particular Financial year.
- PRO turnover should not exceed 10% of the Total KCTL's Turn Over across all exchanges on a particular day.
- No trades must be placed in Illiquid Contracts.
- No Wash Trades/Cross Deals/Circular trading is allowed.
- No trade Modifications is allowed in PRO codes.
- The PRO orders/trades must be placed from the Central Dealing Desk at KCTL head Office.
- Daily Trades ,MTM, Margins, Open positions must be informed to the management.
- 01 in PRO trades should not exceeds by 50% of the Exchange Limits at commodity level.
- There should not be Sudden Increase in PRO trading volumes.
- The positions of PRO and The Directors would be clubbed for Calculating the 01 at Commodity/Client level.
- The Pro trading Committee should comprise of CFO, Business Heads, Management, Directors, Operations and Risk Head. Any pro trade related decisions must be taken after a formal meeting with all above.
- A separate Ledger for all PRO code must be maintained.
- A separate Bank/s account for all PRO Code must be maintained
- A separate Dmat/Comtrack account must be maintained for all PRO deliveries.

**Risk categorizations of the clients:-**

- The clients would be categorized into High (H), Medium (M) and Low(L) based of different risk parameters.
- The client would be categorized into High (H) if:-
  - i) The client is in CBH,
  - ii) The client had made any 01 violations.
  - iii) The client using cooperative bank accounts for pay in and payout.
  - iv) The client having legal cases pending and having legal history with KCTL.

- v) The client had deposited any cash in the KCTL Bank account.
- The client would be categorized into Medium (M) if:-
  - i) The client falls under the margin shortfall penalty of 5%.
- The client would be categorized into Low (L) if:-
  - i) If the client is neither High nor Low
- The risk categorizations review would be done on the last Saturday of every month.
- Risk treatment of the clients who comes under High (H):-
  - i) Client will not get any Intraday Exposure.
  - ii) Clients will not be given the online trading facilities.
  - iii) Clients would not be allowed to carry positions at margin shortfalls.
- Risk treatment of the clients who comes under Medium (M):-
  - i) Branches would be provided the alerts about the Risk status of the clients.
- Risk treatment of the clients who comes under Low (L):-
  - i) Client would come under normal RMS policy of KCTL.

**Miscellaneous:**

- No Misdeal will be considered in case the positions gets squared up due to Obligation short fall , cheque bounce or cheque reversal irrespective of misdeal amount.
- In case of any Technical snags in ODIN Software, RMS will provide limits in Exchange provided TWS or Regional Terminals.
- Activation and mapping of client is done by SARM only on the receipt of Mail from KYC Team.
- Before requesting the payouts of clients the branch/RCH/ZCH must consider the previous 5 days of margin short fall penalty amounts including the service charges.
- Funds payout requests made by the Branches to the funds department must be sent to SARM for validations and verifications purpose. In case of any client who had taken fresh positions over and above the existing open positions then the Payout will be reduced to the extent of the newly created positions.
- Branch Employees needs to introduce themselves (Employee name,Branch name) over the phone whenever they call for limits or any other queries.

- RMS will allow trading in illiquid contracts only after receiving the trading permission approval mail by RCH/ZCH/RMS Head with proper reason from interested client.
- Any amount updated above Rs 30,000 in DFMR must get credits from the funds department to avail the limits and MTM considerations.
- If any special instruction passed to RMS by RCH/ZCH the same information should be shared to Branch/branch Employee to avoid any misunderstanding.