Risk Management Document

Geojit BNP Paribas Financial Services Limited is following the Margin Based Risk Management System. This is an automated real time RMS fully supported by the unique features of real time monitoring, analysis and surveillance of the multiple risks involved in the operational processes and procedures involved. Geojit BNP Paribas Financial Services Limited is adopting a span margin oriented system for Derivatives segment and Exposure Based Margining for Capital Market Segment.

Exposure Limit Criteria

Geojit BNP Paribas Financial Services Limited is providing Exposure Limits to clients based on certain internally decided criteria, which is fully in line with the applicable Regulatory norms, being issued from time to time. Each location is separately managed , where client wise monitoring as regards the credit and other operational risks are constantly monitored and necessary actions being taken at the appropriate time, with due notice to all concerned.

At the outset, Clients are classified into High Risk Profile, Medium Risk Profile and Low Risk Profile. Such classification is done based on a categorization conducted as per the Customer Acceptance Committee (CAC) norms. Thereafter applicable other risk norms taking into consideration the payments being made, trading preference etc , an ongoing evaluation is being done.

A) Capital Market segment :

Exposure limits are set based on the available ledger balance and shares in holding(provided necessary documents are executed) According to the risk categorization, clients are permitted to avail positions for which threshold limits are set and are monitored on a real time basis. All necessary processes are undertaken to ensure that the internal rules are in line with the regulatory requirements. All the payments for delivery buying in excess of the available credit balance is collected from on T+1 day. All debit balance aging more than -- days is cleared by selling off the stocks lying in client's account.

B) Futures & Options Segment :

Apart from collection of the mandatory initial margin, exposure is given in Derivatives based on the exact margin available in the Clients Trading account and also on the basis of holding (provided necessary documents are executed by the client).

General terms and conditions:

Across all segments, special attention is given to the trades generating huge volumes and also cases where high debits are noted. Additional margins are called for on scrips which are volatile or under freeze. Providing exposure against pending cheques will be strictly at the discretion of the Company and the Clients are advised to be updated on these rules that may be issued from time to time.
When certain threshold limits are reached as regards margins, positions are cleared by automated system and open positions intraday at 3.10 pm(presently in force)
Presently, Scrip Margin is taken as the Exchange VAR Margin excluding ELM subject to the following conditions :

For Nifty shares, 50% of VAR Margin subject to minimum of 10%
For Junior Nifty shares, 50% of VAR Margin subject to a minimum of 15%
For Trade to Trade and illiquid scrips - 100% margin
For all other scrips, VAR margin is subject to the minimum of 15% and maximum of 30% .For Derivative segments, CD and F&O the margin is at par with that of the Exchange

The above conditions are descriptive in nature and not exhaustive. Geojit BNP Paribas Financial Services Ltd has the right to modify, amend ,change or add to these rules at its discretion and also considering the market conditions and other relevant factors.