



CROWN CONSULTANTS PRIVATE LIMITED

CIN- U74140MH1985PTC035548

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RISK MANAGEMENT POLICY of CROWN CONSULTANTS PRIVATE LIMITED

Introduction

Crown Consultants Private Limited is a SEBI registered Stock Broker and Depository participant.

The Company has an Integrated Risk Management Policy that provides an integrated framework for Managing risks within the Company. The Company has also from time to time adopted Operational Risk Management Strategies for its Stock Broking activities.

In the course of conducting its broking business Crown Consultants Private Limited is exposed to various risks including market, credit, liquidity, operational and other risks that are material and require comprehensive controls and on-going oversight.

Trading in stock market is always subject to market risk which cannot be predicted. Different kind of market risks are communicated to client at the time of account opening with us as risk disclosure document.

We seek to minimize the risk of loss through a dynamic risk management policy which is an essential feature of our operations.

It is important to note that our Risk Management Policy is not an insurance against losses but these are measures and precautions that are adopted by us to minimize the risk.

Our Policy is based on market scenarios and our risk perceptions of the market and SEBI/Exchange regulations for the time being in force. This can be change from time to time based market conditions and decisions basis of internal policies and practices.

Objective

The main objective of this Policy is to ensure sustainable business growth with stability and to promote a proactive approach in reporting, evaluating and resolving risks associated with the Company's business. In order to achieve the key objective, this Policy establishes a structured and disciplined approach to Risk Management. In order to guide decisions on risk related issues, the specific objectives of this Policy inter alia are:

- To ensure that all the current and future material risk exposures of the Company are identified, assessed, quantified, appropriately mitigated, minimized and managed to ensure adequate systems for risk management.
- To establish a framework for identification of internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability (particularly, trading related risks), information, cyber security risks or any other risk as may be determined by the Management for the company's risk management process and to ensure its implementation.
- To measure risk mitigation including systems and processes for Internal Control of identified risks.
- To enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices.
- To assure business growth with financial stability.



Setting up client's Margin Limits

Margin Limit in Cash segment (Including MTF Product): Crown Consultants Private Limited ("CCPL") Provides Margin based limit following the VAR and Extreme loss margin applies to scrip as defined by the Risk Management team time to time at its discretion. Hence Exposure for intraday and delivery transactions can be multiple (varying from scrip to scrip based on VAR(Margin rates) applies to scrip) of the ledger balance, value of collateral benefit after applying haircut on holding lying in the client account and credit for sales.

The value of the "multiple" and the "haircut" shall be decided by CCPL based on market volatility and quality of collaterals. Limit on the basis of unsettled sales and uncleared cheques will be at discretion of CCPL.

Margin Limit for F&O, Currency & Commodity segment: CCPL provides margin limit in F&O, Currency and Commodity Segment, based on availability of initial and exposure margin upfront available into the client account in the form Ledger, cash collateral and non-cash collateral (i.e. approved pledged securities after appropriate haircut.

Client-wise different limits: CCPL shall have the prerogative to allowed different limits in Cash, F&O and Currency segments varying from client to client, depending upon credit worthiness and past conduct of each client or any other criteria which CCPL may find suitable.

CCPL Discretions on limits:

- CCPL has discretion to change the limits/ratios on the basis of risk perception and other factors considered relevant (such as broker level/exchange level limits in specific securities or Income declaration or volume Specific exposures based on surveillance measures or Availability of cash/cash equivalent margin etc.
- CCPL may not be able to inform the client of such variation, reduction or imposition in advance.
- CCPL shall not be responsible for client's inability to execute any order on account of any such variation, reduction or imposition of limits.
- Collateral can be provided in Cash or Non Cash component, and client should maintain Cash and Non Cash Ration of 50:50 for trading, however we will not restrict client to trade even if client fails to maintain Cash and Non Cash Ratio of 50:50, CCPL on behalf of its client will maintain this ratio at Clearing Corporation level and will charge interest for this under head Delay/Late payment charges.

Refusal of orders for penny stocks or illiquid securities/ Contracts

- Penny/ illiquid Stocks are traded at relatively low price and market capitalization. Crown Consultants Private Limited (CCPL) shall have absolute discretion to accept, refuse or partially accept any buy or sell order for execution from a client in respect of penny stocks, illiquid stocks, stocks / contracts having low liquidity, illiquid "options", far month "options", writing of "options", and any other contracts which as per the perception of CCPL are extremely volatile or subject to Market manipulation
- CCPL may permit restrictive acceptance of orders in such scrips/contracts in controlled environments like orders received from clients being forwarded by branches to a centralized desk at HO instead of allowing trading in such scrips/contracts at branch level or through online trading platform. CCPL shall not be responsible for the delay in execution of such orders and consequential opportunity loss or financial loss to the client.



- CCPL may take appropriate declarations from the clients before accepting such orders.
- CCPL shall have the prerogative to place such restrictions, notwithstanding the fact that the client has adequate credit balance or margin available in his account and/or the client had previously purchased or sold such securities/contracts through CCPL itself.
- In addition to existing Surveillance action being imposed from time to time, it may be noted that securities which are under graded surveillance measures will attract additional surveillance measures.

The right to sell clients securities or close clients positions, without giving notice to the client, on account of non-payment of clients dues (This shall be limited to the extent of settlement / margin obligation)

CCPL shall have the right to sell client's securities, both unpaid securities as well as collaterals deposited towards margins, or close out client's open positions, without giving notice to the client where there is a delay/failure of the client to the pay-in obligations and/or there is a failure of the client to bring additional margins to cover the increase in risk in the dynamic market conditions.

A. Unpaid Securities in Capital Market and Unpaid MTM obligation of derivative segment:

- In case of unpaid obligation (Capital Market) on T+1, CCPL may sell the unpaid/partially paid securities. In addition, CCPL may sell the collaterals deposited by the client towards margins and/or paid securities purchased by the client in earlier settlements where the sale proceeds of unpaid securities are inadequate to cover the pay-in obligations and/where the unpaid securities appear to be comparatively illiquid and cannot be sold at reasonable rates to the extent required.
- In case of unpaid MTM obligation of derivative segments on T+1, CCPL may close the position or/and sell client's securities (Unpaid Securities/paid Securities/collaterals deposited by the client towards margins).
- Further CCPL shall also have rights to Invoke Pledge Securities/ Mutual Funds Units with/without prior intimation to fulfill client's unpaid settlement / margin obligation.
- CCPL may follow the Company Policy for liquidation of securities, but it may not be binding on it to follow this method in all cases.

B. The margin shortfall in F&O, Currency and Commodity Segments:

- Positions of the client may be closed out to the extent of margin shortfall on the T+1 basis /Real time monitoring basis.
- While computing margin short fall, value of unapproved securities shall not be considered.
- As per the Exchange requirements, the CCPL is required to maintain a prescribed ratio between cash and collaterals margin deposited with the Exchange. CCPL shall therefore have the prerogative to insist for at least such prescribed ratio % margin in cash and may not consider the

Value of securities over and above the cash component for the purpose of calculating margins short fall and close the client's position where it finds deviation.



C. Securities bought under Margin Trading Facility:

- Positions of the client may be closed out to the extent of margin shortfall (including MTM Loss) on T+1 onwards or Real-time monitoring basis.
- While computing margin shortfall, value of unapproved securities shall not be considered.
- In case of unpaid obligation, CCPL may sell the unpaid/ partially paid securities. In addition, CCPL may sell the collaterals deposited by the client towards margins and/or paid securities purchased by the client in earlier settlements where the sale proceeds of unpaid securities are inadequate to cover the pay-in obligations and/where the unpaid securities appear to be comparatively illiquid and cannot be sold at reasonable rates to the extent required.
- Position of client may be closed if funds for required margin are not available in the form of Cash.
- If the ratio of available collateral (Funding Stock+ MTF Collateral) against debit (MTF Ledger) comes down to 15% or below 15% then Funding Stock/ MTF Collateral of client may be sold on a real-time basis.

D. Intra-day positions:

- CCPL shall have right to close out any intra-day positions taken by the client after a defined 'Cutoff' time (Presently 15 minutes before close of market)

E. Mark to Market(MTM)/Risk base Liquidation:

- All positions under All Product will be subject to 75% MTM Loss i.e. positions will be liquidated if loss reaches 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 be squared off at 75% MTM Loss. Further if the ratio of available collateral (Broking+MTF) against debit (Broking+MTF) comes down to 15% or below 15% then position/securities of client may be closed/sold on a real-time basis.

F. Stock Derivative Contracts settled through Physical delivery:

- Client's positions in Stock Option and Stock Future contracts which will expire in next 5 trading days may be closed if client do not have sufficient Margin/ coverage available.
- In case value of delivery is higher than a predefined value then higher margin / coverage will be required along with client confirmation. In absence of required funds or confirmation CCPL may close the position.
- In case of short position (Call Short/Future Short/Put Long) in stock derivative where delivery pay- in obligation may arise, may be squared-off on the expiry day (monthly), if client does not have delivery stock in his D-mat account (POA).
- OTM contracts in Stock Options which are away up to 2% from Underlying LTP, will also be considered as possible ITM and may be squared-off as per above policy.

G. General:

- CCPL may take into account the sales made, positions closed by the client or collections received from the client till a cutoff time (as per company policy) while selling the securities/closing the client's positions against debit / margin shortfall.
- While selling the securities/ closing the client positions, CCPL may not take into consideration Cheques showing unrealized although deposited by the client with CCPL until clear proceeds of such instruments are received by CCPL in its bank account. For this purposes Demand Draft / Pay order will not be taken into consideration.
- CCPL shall have the right to sell clients securities or close out client's position, but it shall not be under any obligation to undertake this exercise compulsorily.



- CCPL shall have the right to sell clients securities in case of Ageing of debit and margin shortfall in the client account.
- CCPL shall not be responsible for any losses and penalties / charges levied by exchanges(s) caused on such square off.
- CCPL shall therefore not be under any obligation to compensate for /or provides reasons of any delay or omission on its part to sell clients securities or close open positions of the client.

Restrictions on creation/Square-off or carry forward positions

Below are conditions under which a client may not be allowed to take further position or square-off the position or the broker may close the existing position of a client.

A. All markets:

- Client is not having adequate margins as per conditions in Risk Management policy.
- The client has not been able to meet this pay-in obligations in cash by the scheduled date of pay-in irrespective of the value of collaterals available with CCPL.
- Clear proceeds of the cheque deposited by the client to meet the pay-in obligations have not yet been received by CCPL.
- Client is trading in "illiquid" scrips and volumes in his account exceed internal cut off limit fixed by CCPL.

B. F&O, Currency and Commodity Segments:

- The client has not made payment for Market-to-Market loss in Ledger.
- The "open" positions in a contract exceeded or are close to market wide cutoff limits or client wise permissible positions by exchange.
- CCPL shall have the prerogative to place such restrictions on creating position in Stock Option & Stock Futures contracts (Settled through physical delivery) which will expire in next 5 days, notwithstanding the fact that the client has adequate credit balance or margin available in his account and/or the client had previously purchased or sold such contracts through CCPL itself. CCPL shall not be under any obligations to undertake this right compulsorily.
- Client will not be able to square-off his position if Margin gets increased due to square-off of any Position and client does not have sufficient margin as per Risk management policy.

C. INTRA-DAY:

- Clients will not be able to place intra-day orders after a cut-off time fixed by CCPL.(15 minutes prior to close of market)

D. Event Based:

- Where based on a corporate / market event, CCPL has the risk perception that further trading in the securities / contracts may not be allowed to its clients and/or the market.

Temporarily suspending or closing a client's account at the clients 'request

- CCPL may carry a period in review of the client accounts and may suspend the accounts from trading in the following circumstances:
- The client is inactive for more than 24 months across group companies.
- The account is under investigation by a regulatory body.



- Based on the recommendations made by the branch manager due to excessive speculations, unclear balances.
- Physical contract notes are received back undelivered due to reasons like “no such person”,
- “Addressee” left, refusal to accept mails, signature mismatch on POD’s or other reasons which may create suspicion.
- DCN failed (bounced email) on more than 3 instances until client submits and registers new email id.
- Non-delivery of the Statement of Account sent on a periodic basis.
- Non-Update of communication details viz., email id, mobile no., landline details or it is found to be belonging to a third person.
- Client lodges a complaint either directly with CCPL or through Exchange relating alleged Unauthorized Trades being executed in the account.
- On notices received from statutory, Government or Local authorities and income Tax, a Judicial or Quasi-Judicial authority, etc.
- Client is reported or known to have expired.
- CCPL may also suspend the account based on the written request received from the client.

Voluntary freezing/un-freezing the online access of the trading account

In pursuant to SEBI Circular SEBI/HO/MIRSD/POD-1/P/CIR/2024/4 dated 12th January, 2024, BSE Circular 20240408-12 and NSE Circular NSE/INSP/61529 dated 8th April, 2024; the facility of voluntary freezing/ blocking the online access of the trading account to the Clients is made available effective from 1st July, 2024.

A. Modes of raising request

Client may request for voluntary freezing/blocking the online access of trading account through any of the below mentioned modes

- a) By calling on dedicated Mobile No.9619496870 OR
- b) By Trade MobiApp
- c) By sending email on stoptrade@crowsec.com

B. Process

- a) If client wishes to raise the request via call then, he/she will have to call on aforesaid dedicated telephone number(s). Where CCPL representative active will attend the call. On receipt of request, CCPL representative will verify whether request is received from the registered phone number of the client and confirm additional details; or where request is received from other than registered phone number of the client, CCPL will do validation through 2Factor Authentication. Accordingly, CCPL representative will process the request in system.
- b) If client wishes to raise the request via Mobile App, he/she will have to follow below steps.
 - Login to Trade Mobi App
 - Go to Update Profile Menu under Support Menu
 - Click on Freeze/Unfreeze Account
 - Verify the details
 - Read and confirm Terms and Conditions
 - And click on Activate/ Deactivate Button
 - An OTP will be sent to registered Email and Mobile No.

Enter the OTP and validate the same to complete the process.



- c) Post completion of validation step, CCPL will issue the acknowledgement to the client as well as freeze/ block the online access of the client's trading account and simultaneously cancel all the pending orders of the said client. Post freezing/ blocking the client's trading account, CCPL will send a communication on the registered mobile number and registered e-mail ID of the client, stating that the online access to the trading account has been frozen/ blocked and all the pending orders in the client's trading account, if any, have been cancelled along with the process of re-enablement for getting the online access to the trading account.
- d) Details of open positions (if any) will also be communicated to the client along with contract expiry information within one hour from the freezing/blocking of the trading account.

C. Timelines

The time lines for freezing/blocking& issuing acknowledgement is as under:-

Scenario	Timelines for issuing acknowledgement as well as freezing/blocking of the online access of the trading account.
Request received during the trading hours And within 15 minutes before the start of trading.	Within 15 minutes
Request received after the trading hours and 15 minutes before the start of trading.	Before the start of next trading session

Trading hours shall be as follows:

Capital Market Segment: 9.15 am. to 3.30 p.m., Equity Derivatives Segment: 9.15 a.m. to 3.30 p.m., Currency Derivatives Segment: 09.00 a.m. to 05.00 p.m., Commodity Derivatives Segment: 09.00 a.m. to 11:30 p.m. Please note that Trading hours may be different in case of special session or during sun-outage as per regulatory norms, so refer to the settlement calendar for the same.

D. Maintenance of records

CCPL shall maintain the appropriate records/ logs including, but not limited to, request received to freeze/block the online access of trading account, confirmation given for freezing/blocking of the online access of the trading account and cancellation of pending orders, if any, sent to the clients.

E. Failure in freezing/blocking the online access

In case there is failure in freezing/ blocking the online access within the prescribed timelines (15 minutes in case the request is received during the trading hours and within 15 minutes before the start of trading/ Before the start of the next trading session in case the request is received after the trading hours and 15 minutes before the start of the trading), CCPL shall be responsible for any trades executed from the time of receipt of such request till such time the online access is blocked/ frozen.



F. Re-enabling the trading account for online access

For unfreezing/ unblocking the Trading account, client can raise the request through any of the 2 modes (email on compliance@crownsec.com or Mobile App) as specified above. After carrying out necessary due diligence including validating the client request, the trading account will be unfreezed/ unblocked for trading within 15 minutes.

G. It is clarified that:

- Freezing/blocking is only for the online access to the client's trading account, and the same shall have no restrictions on the Risk Management activities of CCPL.
- The request for freezing/blocking does not constitute request for marking client Unique Client Code (UCC) as inactive in the Exchange records.

Deregistering a client

- CCPL may de-register the client account based on action taken by Regulatory bodies or being part of list of debarred entities published by SEBI.
- CCPL may also initiate action for deregistering a client on basis of information found in sites of CIBIL, Watch out investors, world check or client having suspicious back ground, link with suspicious organization, etc.
- CCPL shall have right to close out the existing positions; sell the collaterals to recover its dues, if any, before de-registering the client.
- CCPL may freeze the assets of the client where it deems prudent, at time of de-registering a client.

Procedure for Activation of in-operative accounts

- Any client is not doing single transaction in to trading account with us for a period of 24 months.
- To activate these dormant/in operative accounts, clients are required to fill up a dormant activation form and provide the other related documents (including IPV) and details as per company policy.
- Refund of surplus funds to Dormant Client: We have a system of advance intimation of dormant in client account and client money is return back on client request basis.

Intimation to clients

- Client can view details of his/her ledger, holdings, margin etc. via secured login on internet login provided to client.
- Regular intimations regarding debit, information about margin shortage with penalty amount,

Communication regarding liquidation is sent through SMS and email on the clients' registered mobile number and email address respectively.



Margin collection in Derivative segments

A. Equity Derivative Segment:-

- Total Margin levied by the exchanges to be given on up front basis by Client
- Mark to Market Losses are to be given as soon as margin calls are made by CCPL and client will have time only till T+1 working day to provide such margins.

B. Currency Derivative Segment:-

- Total Margin levied by exchanges to be collected on an upfront basis.
- Mark to Market Loss is to be given as soon as margin calls are made by CCPL, and the client will have time only till T+1 working day to provide such margins.

C. Commodity Derivative Segment:-

- Total Margin (Initial+ Exposure+ Net Buy Premium) levied by exchange is to be collected on an upfront basis.
- Other Margin and Mark to Market Losses are to be given as soon as margin calls are made by CCPL, and the client will have time only till T+1 working day to provide such margins.

D. Cash Segment:-

- Total Margin (Minimum Margin) levied by exchange is to be collected on an upfront basis.
- Other Margin (Adhoc Margin) and Mark to Market Losses are to be given as soon as margin calls are made by CCPL, and client will have time only till T+1 working day to provide such margins.

Note:- The period of 'T+1' working days has been allowed to client to provide margin taking in to account the practical difficulties often faced by the client only for the purpose of levy of penalty and it should not be construed that clients have been allowed 2 days to pay margin due from them.

Margin Trading Facility (MTF)

SEBI/ Exchanges prescribe eligibility conditions and procedural details for allowing the Margin Trading Facility from time to time. Apart from guidelines prescribed by regulating authorities, CCPL shall follow the points below and CCPL has discretion to change the same from time to time.

- MTF segment is activated only after consent from client.
- CCPL shall have the prerogative to allow/not to allow MTF facility to client.
- Trade done with MTF Product on Trading Plat form will be booked in Back office as MTF Trades only in case free margin available in MTF book, rest all trades will be moved to Broking book.
- Product conversion is not allowed. For e.g. CNC or MIS to MTF or vice versa.
- In case of shares bought under MTF product there must be net buy delivery obligation from exchange/Clearing Corporation then only trades will be booked in the Back office as MTF trades.
- MTF funding may be closed in case there are not trades in MTF since last 85 days.
- CCPL is permitted to extend MTF to the clients on such terms and conditions as specified by the Stock Exchanges/SEBI from time to time and as mutually agreed by and between CCPL and the Clients. These rights and Obligation comprises the terms and conditions applicable to MTF and CCPL and clients shall abide by the same and any other requirements of the margin trading framework, including other rights and obligations, if any, prescribed by the Stock Exchange/SEBI/CCPL from time to time. Any modifications to the terms and conditions, other than those specified by SEBI/Stock Exchanges, shall be intimated to the Clients giving prior notice in advance.



- Equity Shares that are classified as ' Group I Security 'by SEBI only shall be eligible for MTF. CCPL, at its discretion, may not provide funding under MTF to certain equity shares though classified to be "Group I Security" by SEBI. Any securities if moved out from Group1 or CCPL at its discretion decided not to continue with the existing funding in a particular security the existing funding will be closed after giving intimation to client. Further all risk management policies will be applicable to the increased debit in broking books due to closure of MTF funding.
- Client shall be required to provide the minimum initial margin and MTM margin as applicable for a particular stock to buy that stock under MTF. The margin shall never be lower than that prescribed by the Stock Exchange/ SEBI. However, CCPL shall have the right to demand a higher initial margin than the margin prescribed by SEBI/ Stock Exchanges.

Risk Reporting:

The Board of Directors of the Company shall periodically review and evaluate the risk management system of the Company so that the management controls the risks through properly defined procedures.

Head of Departments or such other authorized persons by Board shall be responsible for implementation of the risk management system as maybe applicable to their respective areas of functioning and report to the Board / Audit/ Risk Management Committee, as the case may be.

Every Head of Departments or such other authorized persons by Board shall also give details regarding any apparent risk and prospective opportunities relating to their departments on periodic basis to the Board.

Significant risk includes those risks that have a high likelihood or significant impact i.e., having risk exposure or where there is limited ability for mitigation by the Company. These risks are identified and assessed based on the Company's expertise, judgment and knowledge.

Organization follows an automated Risk Management System and compliance processes like margin computation, exposure provided to clients vis-à-vis their collaterals with exchanges/ CCs, periodic submissions etc.

Senior management shall actively promote risk awareness and risk management practices, including providing appropriate training to all associates, incentivizing them to identify risk, and providing appropriate recognition when they do.

Review:

The Risk Management policy framework shall be reviewed and presented to the Management on a half-yearly basis. This review aims to incorporate any amendments introduced by SEBI, the Stock Exchange, or other regulatory bodies. It shall also consider changes necessitated by evolving market conditions, the need to strengthen internal controls, or any other reasons deemed appropriate.

