

POLICY RELATING TO SETTING UP OF CLIENT'S EXPOSURE LIMIT:

Munoth Financial Services Limited(MFSL) provides broking services to its clients for transactions on National Stock Exchanges of India Ltd. in capital market segment and equity derivatives segment. Each segment deals in different products having different risk profiles and settlement attributes. Many segments may be added in future by Stock Exchange depending on different product development. Transactions on Stock Exchanges are executed on electronic platform. The securities markets are usually very volatile and different clients have different risk profiles. Volatility amongst different scrips and different derivatives contracts are different. Business Rules, Bye laws and Regulations of the Exchanges require Brokers including MFSL to obtain upfront margin from clients. All these factors taken together create a challenging environment where MFSL, apart from setting allowable trading limits for different clients differently, has to often modify or change such trading limits several times during the day if situation so demands.

The trading limit setting policies enumerated below are to be taken as basis for understanding policies implemented by MFSL and the same may not be rigidly followed and may be changed from time to time on account of factors stated above. The averments contained in these statements are not promises made by MFSL to its clients and they do not confer any rights to clients to demand that there trading limits at all times will be set according to these policies.

A. Exposure limits to the client will be provided based on the available margin in the client's broking account maintained with MFSL exposure limits for its clients. The securities markets are usually very volatile and different clients have different risk profiles. Volatility amongst different scrips and different derivatives contracts are different. Business Rules, Bye laws and Regulations of the Exchanges require Brokers including MFSL to obtain upfront margin from clients. All these factors taken together create a challenging environment where MFSL, apart from setting allowable trading limits for different clients differently, has to often modify or change such trading limits several times during the day if situation so demands. The trading limit setting policies enumerated below are to be taken as basis for understanding policies implemented by MFSL and the same may not be rigidly followed and may be changed from time to time on account of factors stated above. The averments contained in these statements are not promises made by MFSL to its clients and they do not confer any rights to clients to demand that there trading limits at all times will be set according to these policies.

B. The exposure limits will be a certain multiple of the available margin. Such multiplier will be as decided by MFSL from time to time and may vary from client to client,.

C. On a case-to-case basis MFSL, as its sole and absolute discretion, may allow higher exposure limits to the client.

D. In case of cash segment, MFSL may at its sole and absolute discretion allow clean exposure limit up to certain amount to the client without insisting for any credit balance and/or margin. The quantum of clean exposure limit shall be decided by MFSL. On a case-to-case basis MFSL may, at its sole and absolute discretion, give higher clean exposure limits to certain set of the clients. MFSL reserves the right to withdraw clean exposure limit granted to the client at any point of time at its sole and absolute discretion. The client cannot raise any concern/dispute for the same.

E. Available margin for the purpose of granting exposure is calculated as a sum of free credit balance of the client in MFSL's books, margin in the form of funds, securities, bank fixed deposit, bank guarantee, etc. of the client available with MFSL and the value of securities.

F. The choice of the securities to be considered as margin shall be determined by MFSL at its sole discretion from time to time and the client shall abide by the same.

G. While granting the exposure limit, margin in the form of securities will be valued as per the latest available closing price on NSE after applying appropriate haircut as may be decided by MFSL at its sole discretion.

H. MFSL may from time to time depending on market conditions, profile and history of the client, type and nature of scrip, etc., at its sole discretion charge/change the rate of haircut applicable on the securities given as margin, multiplier for granting exposure in Cash/F&O segments and take such steps as MFSL may deem appropriate.

I. The Client will have to abide by the exposure limit set by MFSL.