

## **POLICY ON SETTING OF LIMITS FOR TERMINALS**

### **Objective:**

To pre-define limits for each terminal and monitor the same continuously.

### **Background:**

Trading Terminals are allotted to Members by exchanges. These terminals enable members to place, modify and execute orders on behalf of clients. There may be instances where unusual orders may be placed at high prices due to punching errors, leading to unrealistic orders or orders being executed at unrealistic prices. In cases where the order/price of such charges is high, it might lead to considerable losses to brokers. Certain limits must be prescribed for each terminal allotted to the member broker to avoid such a situation.

### **Scope of the Policy:**

This policy covers the procedure and checks for allotting limits to each terminal.

### **Defining of Limits:**

The following limits shall be defined for each terminal:

- Quantity Limit for each order
- Value Limit for each order
- User value limit for each user ID
- User quantity limit for each user ID
- Branch value limit for each Branch ID
- Spread Order Quantity and Value Limit (Derivatives segment)
- Market Price Protection Percentage

**Procedure for the setting of Limits:**

We follow setting limits at each level, namely Admin, Branch Manager, and Dealer. The boundaries set for each group review the historical peak utilization data at respective levels. Limits are reviewed regularly and, if required, revised post-consultation of head and Risk Manager during the day. The Limits utilization is continuously monitored during the day. Any request of upward revision in limits by the dealer is made post receipt of a specific consent of the Team Leader/Branch Head and after necessary risk assessment.

**Checks in place:**

- Limits of terminals will be defined and reassigned daily only after analyzing past trading history and assessment of risk.
- Terminals limits will be set up by the Front Office official designated at Corporate Office.
- Direct terminals will be allotted on an exceptional basis only.
- No user/ branch will be provided an unlimited limit.

**Review of process and maintenance of records**

The Risk Management team at Corporate Office shall be responsible for maintaining records as prescribed by regulators and demonstrating the adequacy of the system to auditors and exchanges.

The process of sett of limits shall be reviewed every quarter. The Compliance Officer may review the process on a test check basis. Based on the report and confirmation of auditors, the Compliance Officer shall issue a certificate to the exchange every quarter.