



## Risk Management Policy

NX BLOCK TRADE PRIVATE LIMITED is a member of the BSE Limited (BSE), National Stock Exchange of India Limited (NSE), and Multi Commodity Exchange of India Limited (MCX) is registered with SEBI as a Stock Broker with SEBI Registration Number INZ000308934.

As per the Stock Broking Operations, client trade with NX BLOCK TRADE PRIVATE LIMITED. To manage the risk of such trading and to comply with the requirements of Market regulator and stock exchanges and as a good practice, the following Risk Management Policy is being issued for the knowledge and information to the clients, employees, Authorized Persons, and other stakeholders of NX BLOCK TRADE PRIVATE LIMITED.

NX has a risk management team comprising of trained personnel who understand the risk associated with working in the securities and commodity market. They may undertake scenario analysis to extrapolate the circumstances and expected losses in a more robust and dynamic trading environment.

### **1. Limits setting -Offline (Capital Market, Future & Option, Currency, SLB, Commodity)**

Clients trading limits will be set according to Exposure rules of NX based on client's margin available with them. Where the limit is breached, clients will not be permitted to take additional exposure by the system.

### **2. Margin requirement**

The client shall pay applicable initial margins, VAR margins, special margins or such other margins as considered necessary by NX or the Exchange or as may be directed by SEBI from time to time as applicable to the segment in which the client trades. NX is permitted in its sole and absolute discretion to collect additional margins (even though not required by Exchange, clearing corporation or SEBI ) and client shall be obliged to pay such margins.

### **3. Liquidation of Securities in case of Non fulfillment of client's Funds Obligation**

If the client is not able to fulfill its funds obligations, then NX can disposed-off such unpaid securities in the market within 5 Trading days from the date of payout. Further, as per SEBI Guidelines, NX will give an intimation to clients one trading day before such sales.

### **4. Non-payment of pay-in obligations/dues**

Where the client is in debit, they shall not be allowed to take further exposure.

The positions of the client may be squared off/close out by RMS without giving any notice due to shortage of margin/non making of payment for their pay-in obligation/outstanding debts.

In case of account still being in debit, notice to be issued and thereafter arbitration to be filed.



## **5. Transfer of Securities**

In cases where:

Where securities are fully paid on the settlement day of that transaction, securities will be transferred to account of client.

In cases where, client's financial balance is Debit, securities shall be credited in the demat account of unpaid client and simultaneously an auto pledge instruction will be setup from demat account of unpaid client in favor of the corresponding "Client Unpaid Securities Pledgee Account" (CUSPA) maintained by NX BLOCK TRADE PRIVATE LIMITED. Hence, such unpaid securities will be reflected under 'Pledge' balance in the demat account of unpaid client and 'Pledgee' balance will be reflected in CUSPA.

## **6. Dealing with Custodial clients**

Custodial clients are generally high net worth individuals, corporate entities and foreign investors trading through their own clearing member and keeping their funds and securities with the custodial for safekeeping.

The trades of these clients are cleared in real time by the clearing member leaving very limited risk with the execution broker. These clients offer limited risk exposure and are therefore considered very safe.

The company intends to promote taking on board more such clients.

## **7. Dealing with Internal Shortage of Securities**

In case where

There is an internal shortage of securities from Pro to client and Client to Client then NX BLOCK TRADE PRIVATE LIMITED has discretion at their end to participate in voluntary auction of a particular script in exchange, and the Auction consideration value (inclusive of all statutory taxes, expenses, and levies) is debited to the short delivering seller client as provided by exchange.

If a voluntary auction file gets rejected by the exchange on a settlement day due to any reason, then we (Stock broker) will not be liable to deliver any securities.

In case of rejection of the voluntary auction file by the exchange then NX buy securities in the seller account (Pro or Client) and delivers it to the buyer account (Pro or Client) on a settlement date.

## **8. Policy for Penny stocks**

The stocks which are appearing in the list of illiquid securities issued by exchange, or any stocks decided by NX to be illiquid, these stocks are generally considered to be highly speculative and high risk because of their lack of liquidity, high bid-ask spread, small capitalization. Depending upon market conditions, NX reserved rights to refuse trade in such stocks. Any losses arise due to refusal of trade in such stocks is not the responsibility of NX.

## **9. De-registering client**

NX may at its absolute discretion decides to de-register a particular client if found that:

SEBI or other regulative body has passed any order against, prohibiting such client to participate in financial market. Enforcement agency ordered against, in case of market manipulation or insider trading or any other case involving violation of any law, regulation, guidelines or circular governing financial market. Client account has been lying dormant for the long time or the client is not traceable. Client account declared insolvent or any legal proceeding to declare as insolvent, has been initiated.