

Policy On Setting Of Limits For Terminals

Objective

To pre- define limits for each terminal and monitor the same on a continuous basis.

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 due to punching error unusual orders may be placed at high prices which might lead to execution of unrealistic orders or orders being executed at unrealistic prices. In cases where the order/price of such orders is high, it might lead to huge losses to broker. In order to avoid such a situation it is imperative that certain limits are prescribed for each terminal allotted to member brokers.

Scope of the Policy

This policy covers the procedure and checks and balances in place for allotting limits to each direct and CTCL / IML terminals.

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 (Equity Derivatives segment)
- Market Price Protection Percentage

Procedure for setting of Limits

RKG follows the practice of setting limits at each level namely Admin, Branch Manager, Direct Terminal / CTCL / IML and Dealer. The limits have been set; each level is reviewing the historical data of peak utilization at respective levels. Limits are reviewed on a regular basis and if required revised post consultation of the Compliance Officer during the day. The Limits utilization is continuously monitored during the day. Any request of upward revision in limits by dealer is done post receipt of specific consent of Branch Head and after necessary risk assessment.

Checks in place

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

Review of process and maintenance of records

The Compliance Officer at the Registered Office shall be responsible for maintenance of records as prescribed by regulators and demonstrating the adequacy of the system to auditors and exchanges.

The process of setting limits shall be reviewed on a quarterly basis by a Compliance officer and review the process on test check basis. The Compliance officer shall issue a certificate to the exchange on quarterly basis.

For R K Global Shares & Securities Limited

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