



## **STAR FINVEST PRIVATE LIMITED**

### **RISK MANAGEMENT POLICY**

#### **Background legal requirements of this policy**

1. Past requirements of exchanges/ good practice(s)
2. SEBI circular CIR/HO/MIRSD/DOP/CIR/P/2019/75 dated June 20, 2019 as modified by SEBI/HO/MIRSD/DOP/CIR/P/2019/95 dated August 29, 2019
3. Frequently Asked Questions issued by
  - a. BSE vide notice no. 20190927-39 dated 30-Sep-2019
  - b. NSE vide circular no. NSE/INSP/42229 dated 30-Sep-2019

Star Finvest Private Limited (SFPL) is a member of the BSE Limited (BSE), National Stock Exchange of India Limited (NSE) & Multi Commodity Exchange of India Ltd. (MCX) and is registered with SEBI as a Stock Broker with SEBI Registration Number INZ000160735. SFPL is currently active in the Cash Market and the Futures and Options/ Equity/Commodity/Currency Derivatives Segment.

As per the Stock Broking Operations, client trade with SFPL. To manage the risk of such trading and to comply with the requirements of law and as a good practice, the following Risk Management Policy is being issued for the knowledge and information of the clients, employees, Authorized Persons and other stakeholders of SFPL.

#### **1. Risk Officers**

Mr. Surender Kumar Gupta, Director is designated as the Chief Risk Officer (CRO) of SFPL and Mr. Saurabh Bansal, Director is designated as the Deputy Chief Risk Officer (DCRO). All decision relating to risk matters will be taken by DCRO in consultation with CRO.

The decision of the DCRO/ CRO for the purpose of Risk Management shall be final in all respects.

#### **2. Client Registration**

- The client registration team of the company personally meets the clients and assesses the financial position, risk appetite, investment objectives, past Credentials, qualification, current working position, etc. The feedback of the same is made and given to the Branch Head/ Compliance Officer for his clearance. After the same is found to be proper by the Branch head/Compliance officer, the permission for forwarding the Know Your Client form along with KRA forms and various requirements is given to the client.



- Client is registered only after receiving KYC, KRA Forms, Risk Disclosure Documents duly completed and filled up with all supporting
- Client is registered only after verification of PAN from the website of Income Tax Department. Also verify that the prospective clients name do not appear in SEBI ban list entity
- Documents given by the client is verified with original documents
- In person verification is done before account opening
- Financial detail is compulsory filled in KYC to know the soundness of client backed by relevant documents as far as possible in case of clients trading in derivatives.
- Account opening letter is sent directly to the registered mailing address/Email Id of the client.

### **3. Limits setting - offline business (cash market)**

SFPL's business model is more towards an offline business rather than online business. Most of the clients have relationship based business. All clients would have to maintain "Upfront Margin" in the form of Cash, Approved Securities before purchasing the securities and provide delivery (or DDPI for securities in the Depository) before trading. However, based on the past relationship, trading behavior of the client, the known financial standing and the value of collateral deposited/lying with SFPL, dealers and Authorized Persons have the discretion to permit additional exposure to the clients, both intra-day and on delivery basis, in the Cash Market. However, the said exposure cannot exceed the minimum margins payable per the Clearing Corporation.

### **4. Order receipt & Execution of Trade:**

- Every client is designated a proper dealer/s, and the dealer/s before accepting the order for the client is given the background of the client so that the dealer is in a proper position to analyse the capability, the risk appetite and the investment pattern of the client so that proper risk assessment can be made considering the client.
- The risk with respect to the trades done by the client is regularly assessed by the dealer.





The Wealth Creator

- The dealer being regularly interacting with the client is aware of the trading pattern and thus in a position to determine the risk vis a vis every trade done by the client.
- The exposure with respect to every Branch , Dealers & Client terminal is controlled through the office risk management team.
- Order is received directly from client or person authorized by client only
- All trading terminals have Quantity and price Limits to avoid the big losses from punching errors
- Client is allowed to take positions based on permissible limits based on upfront margin collected.

## **5. Margins**

- For availing/maintaining exposure, client needs to have sufficient margins at all point in times. Margins can be in the form of funds or approved securities or any other form of margin as acceptable by Star Finvest after applying appropriate haircuts. Star Finvest reserves the right to change the approved securities list/quantum of haircut to be applied at its sole discretion. Clients need to maintain appropriate margins accordingly.
- As per Exchange requirements, The Member Broker is required to maintain 50:50 ratio between cash and cash equivalent & Non cash collaterals deposited with exchange. SFPL shall therefore have the prerogative to insist for margin in the similar ratio as mandated by the exchange from its clients and may not consider the value of securities over and above the cash components for the purpose for calculating Margin.
- To provide collateral in the form of securities as margin, clients are required to pledge securities in favor of Star Finvest Private Limited. Star Finvest Private Limited may re-pledge the same to the Clearing Corporation.
- **Span Margin** – To Compute applicable SPAN margin, exchange SPAN Margin files are uploaded on daily basis in our systems with date Validation/necessary checks and balances based on creation date of SPAN files



## **6. Maintenance of margins:**

- Clients must verify and understand their exposure/debit outstanding at all times and shall maintain sufficient margin in their accounts. While a prior intimation (on best effort basis), with regards to margin short-fall shall be provided to the clients, Star Finvest also reserves its right to liquidate the open positions/collaterals to top up margins in extreme cases like insufficient margin balance, increased margin requirements/change in haircuts for specific securities/clearing the outstanding dues due to volatility or sudden change in market prices with immediate effect without providing prior notice.
- Client shall be required to maintain sufficient margin in the trading account to take delivery of the shares.
- Exposure / limits shall be based on the margin provided by the client depending upon the segment / product in which client wants to trade. However, exposure / limits are dynamic in nature, subject to market conditions and at sole discretion of Star Finvest Private Limited.
- Derivatives trading involves daily settlement of all positions including realized/unrealized loss on open positions and premium on options and any margins as required by the Exchanges and/or by Star Finvest Private Limited.
- In case of futures segment, all open positions are marked-to-market based on the closing level of the index/derivative contract. If the contract has moved against the client, then the client will be required to deposit the amount of loss (notional) resulting from such movement. Such amount will have to be paid within a stipulated time frame so as to ensure appropriate margins are maintained at all points in time.

In case of in-the-money long stock options (including potential in-the-money options), sufficient delivery margin needs to be maintained as regulated by exchange, failing which Star Finvest reserves its right to liquidate the open position/collaterals to top up margins.



- Positions that do not have sufficient funds/margins can be liquidated any time at the sole discretion of Star Finvest Private Limited. While Star Finvest Private Limited shall endeavor to provide a prior notice to clients before liquidating their securities, Star Finvest also reserves the right to liquidate securities without any prior intimation in certain extreme scenarios like during times of extreme volatility, if the loss could be more than the funds/margins available in the client's account before the position is squared-off.
- All resulting charges or debts that might occur from such square-offs will have to be borne by the client.

#### **7. Security Order Qty & Value limits Single Order and Overall**

- In accordance to the regulatory guidelines and / or Star Finvest may place checks at single order quantity level, order value level and overall security quantity / value level, individually or combination thereof as may be applicable.

#### **8. Securities in Ban Period in F&O segment**

- In compliance of rules laid down by Exchange for Securities in Ban Period in F&O segment, if a client creates position in securities which are in ban period, penalty will be levied for the same.

The list of securities in ban period is updated on NSE website on daily basis. The link is \_\_\_\_\_ as \_\_\_\_\_ below:  
[https://www.nseindia.com/products/content/derivatives/equities/sec\\_ban.htm](https://www.nseindia.com/products/content/derivatives/equities/sec_ban.htm)

#### **9. Square up - online business**

Internet trading clients will be set limits according to their track record and margin available with SFPL. Where the limit is breached, clients will not be permitted to take additional exposure by the system.

All online business is carried through the software provided by Symphony /Star Live Mobile Software. Currently, SFPL has not activated any policy of auto square-up of the clients positions and the positions have to be squared up by the clients manually.





#### **10. Restriction of further exposure on T + 5 days**

For any client continuously in debit for more than 5 days, further buying is to be stopped immediately and only sale will be permitted. As soon as the account comes in credit, further buying will be allowed.

#### **11. Transfer of Securities**

In cases where:

- client has provided DDPI of his demat account maintained with SFPL itself OR
- where the DCRO is convinced of the track record of client OR
- in any situation as seen expedient by the DCRO

securities will be transferred to the demat account of the client even if the account of the client with SFPL is in debit. SFPL shall have a lien on such securities till such time payment is received by SFPL for the same. In all other cases, the securities will be transferred to demat account called Client Unpaid Securities Pledge Account (CUSPA) maintained by SFPL and all regulatory directives relating to CUSPA will be followed.

#### **12. Pay in of funds:**

- Clients can transfer funds into the Trading Account only from such bank accounts, which are registered with Star Finvest Private Limited. Any transfer from a non-registered bank account shall not be considered and the client shall not get credit for such transfers.

#### **13. Pay in of Shares:**

- Clients need to settle their pay-in obligation only through their registered Demat account with Star Finvest. However, if a client settles his pay-in obligation through a non-registered Demat account then pay-out of funds for such shares may be kept on hold until client provides relevant documents for such unregistered accounts



#### **14. Exchange Trade Alerts**

- For each of the transactional alerts received from the Exchanges, appropriate analysis, monitoring and reporting is done as the process and guidelines defined by the Exchange.

#### **15. Reporting to the Exchange(s)**

- In case the client is found indulging in suspicious activities, Star Finvest Ltd shall have the complete right to report such transactions to the Exchange(s). Star Finvest Ltd is not responsible for any loss incurred by the client if he/she is found guilty of unethical practices. Star Finvest Ltd will share all the required information to the regulator, exchange, or any other recognized regulatory body when a Client specific details is asked for. Star Finvest Ltd reserves the right to inform the Client based on the directions received by the fore mentioned regulatory body.

#### **16. Policy for Voluntary Freezing or Blocking the Online access of Trading Account**

As per Sebi circular no. *SEBI/HO/MIRSD/POD-1/P/CIR/2024/4* dated January 12, 2024, Stock Broker to provide a facility of voluntary freezing/ blocking the online access of the Investor's trading account on account of suspicious activities. We, Star Finvest Private Limited have framed a comprehensive policy which provide the facility of voluntary freezing/blocking the online access of the trading account for our clients:



### **Framework for Voluntary freezing/blocking of Trading Account**

A> Following are the modes of communications from which a client can apply for Voluntary freezing/blocking the trading account on account of any suspicious activities in his/her trading account:

- i> Tele calling at our registered office at the phone no. +91 11-4307 0711/12
- ii> Receipt of an email from client registered email id at our dedicated email id [stoptrade@starinvest.in](mailto:stoptrade@starinvest.in)

B> We shall validate the request by verifying

- i> whether request is received from the registered phone number/e-mail Id of the client; or where request is received from other than registered phone number/e-mail Id of the client,  
or

Following any other process as may be prescribed by the Exchange(s) uniformly in consultation with SEBI, from time to time.

- ii> and issue the acknowledgement 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. The timelines for freezing/ blocking of the online access of the clients' trading account is as under: -

<b>Scenario</b>	<b>Timelines for issuing acknowledgement as well as freezing / blocking of the online access of the trading account.</b>
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





- C> Post freezing/blocking the client's trading account, 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) should also be communicated to the client along with contract expiry information within one hour from the freezing/blocking of the trading account. This will eliminate the risk of unwanted delivery settlement.
- E> We will 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.
- F> In case of our 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 start of the trading** ), we **shall be responsible** for any trades executed from the time of receipt of such request till such time the online access is blocked / frozen.
- G> **Re-enabling the client for online access of the trading account:-** We shall re-enable the online access of trading account after carrying out necessary due diligence including validating the client request and unfreezing / unblocking the online access of the trading account.
- H> It is clarified that:
- Freezing/blocking is only for the online access to the client's trading account, and there shall be no restrictions on the Risk Management activities of the Star Finvest Private Limited.
  - The request for freezing/ blocking does not constitute request for marking client Unique Client Code (UCC) as inactive in the Exchange records.
  - In case of regulatory amendments from time to time, the policy can be internally reviewed and updated to comply with the new amendments.

For STAR FINVEST PVT. LTD.

  
Director



# Star Finvest Private Limited

MEMBER : National Stock Exchange of India Ltd, Bombay Stock Exchange Ltd, MCX, Depository Participant-NSDL  
Regd. Office : 311, Arunachal Building, 19, Barakhamba Road, Connaught Place, New Delhi-110001  
Phone : 43070700 (30 LINE), FAX : 011-23351305  
CIN : U67120DL1999PTC377707, E-mail : star@starfinvest.in, Website : www.starfinvest.in

## POLICY FOR PASSING MARGIN SHORTAGE PENALTY TO CLIENT

Exchanges have issued a circular No. NSE/INSP/64315, BSE /20241001-48 dated 01-10- 2024 and MCX 662/2024 dated 03-10-2024 whereby they have allowed Stock Brokers to pass on penalty for short margin collection to client by debit to client's ledger account in cases described below:

- Where the margin shortage arises on account of cheque given by the client to the Stock Broker bounces
- Where there is Increase in margins on account of change in hedge position by client/ expiry of some leg(s) of the hedge positions of the client

### Policy of Star Finvest Private Limited

1.1 As permitted by Stock Exchanges vide their circulars, Star Finvest Pvt. Ltd., (hereinafter referred to as "SFPL") shall collect the penalty imposed by respective clearing corporations from client by debit to respective client's ledger account in case of margin shortage due to below reasons:-


- A) Cheque issued by client to KFPL is dishonored:-

If the client deposit the funds through cheque to meet with his/her/its margin obligations, and if such cheque bounces or is dishonored by client's Bank due to any reason, SFPL shall pass on the penalty imposed by the respective clearing corporations to the client by debit to respective client's ledger.

- B) Increase in margins on account of change in hedge position by client/ expiry of some leg(s) of the hedge positions of the clients.

In case of situations resulting in a hedge break / loss of cross margin benefits like square off by the clients / expiry of some leg(s) of the hedge positions of the clients, leading to higher margin obligations on the open position(s) and consequently resulting in shortage in margin collected, SFPL shall pass on the penalty imposed by the respective clearing corporations to the client by debit to respective client's ledger.

STAR FINVEST PVT. LTD.

  
Authorised Signatory  
RAJESH SENEGAL  
COMPLIANCE OFFICER





# Star Finvest Private Limited

MEMBER : National Stock Exchange of India Ltd, Bombay Stock Exchange Ltd, MCX, Depository Participant-NSDL  
Regd. Office : 311, Arunachal Building, 19, Barakhamba Road, Connaught Place, New Delhi-110001  
Phone : 43070700 (30 LINE), FAX : 011-23351305  
CIN : U67120DL1999PTC377707, E-mail : star@starinvest.in, Website : www.starinvest.in

1.2 SFPL shall pass on the penalty to the client ledger for collection as per applicability of margin shortage penalty rates prescribed by the respective Clearing Corporations/Exchanges in their Rules and Regulations till the client does not fulfil all margin requirement for respective trade dates.

1.3 This part of the policy vide point 1.1 A) and 1.1 B) shall be implemented from 01.11.2024.

1.4 SFPL shall include this policy in its Policies and Procedures document provided to new clients upon registration as client & shall post this policy on its website [www.starinvest.in](http://www.starinvest.in)

Further, This policy is a part and parcel of our RMS Policy.

For Star Finvest Private Limited

  
Rajesh Sehgal

(Compliance Officer)

Date: 24.10.2024

