

GEE BEE SECURITIES PVT LTD

RISK MANAGEMENT POLICY

Gee Bee Securities Pvt Ltd has risk management policies to minimize the Risk to Gee Bee Securities Pvt Ltd from possible defaults of the clients/trading members who deal with it. The policy attempts to achieve balance between business needs vis a vis risk management policies, realizing the risks can be managed, not avoided.

Risk Assessment of Customers

Gee Bee Securities Pvt Ltd prior to establishing a relationship with a client always assess the risks of doing business with that client and should regularly monitor the risks throughout the term of the relationship with the client. In general, our consideration focuses on the following areas: (a) the nature of the customer (e.g., institutional or retail) and its corresponding level of experience and sophistication; (b) the credit worthiness of the customer, as measured by established credit policies and our procedures Review of customers' financial condition, and related decisions with respect to customers, is conducted by our staff (a) that are independent of the sales personnel and (b) whose compensation is not Directly related to the volume or profitability of trading conducted by customers. Customer margin requirements and, where appropriate, position limits are established at levels that are adequate, in our judgment to protect us against reasonably foreseeable risks arising from the customer's trading activities. Customers' significant market exposures are reviewed on at least a daily basis and, where necessary for the protection we call for additional collateral, modify margin requirements or position limits, require customers to reduce the size of existing positions or take other appropriate actions. Gee Bee Securities Pvt Ltd have established and enforced policies and procedures regarding the prompt collection of customer margin (other than in the case where there are appropriate credit arrangements in place) and the liquidation of customer accounts (or other appropriate action) where necessary. We have established and enforced procedures regarding account opening and trading by omnibus and introduced accounts, recognizing the potential exposure to the us that may arise from such accounts. Such procedures include, among others, position limits for affiliates' trading activities based on their financial status. Client Accounts as well as Trading Member Account clearing through us should be periodically asked to provide the financial information in order to derive their renewed capability to trade in the market. It should be done once a year. They should be asked to provide the Financial Statements, Income Tax Return and Tax Audit Report, Demat Statements and such other documents as deemed fit to ascertain the financial status. These documents can be asked for immediately in case there is default on meeting margin obligation.

Legal Relationships with Customers

There are default legal documents as prescribed by SEBI as well as exchanges like rights and obligations of the brokers and our customers, RDD, Policy & Procedures, Do,s and Don't, Dos. These documents provides a basis for allocating between us and our

customer's responsibility for all material aspects of their relationships and risk exposures and should take into account the particular requirements of each customer and its relationship with the our firm.

Internal Controls

We have established and enforced appropriate policies and procedures to identify customer property and to protect it against risks arising as a result of our proprietary trading activities if any. Such policies and procedures include the maintenance of appropriate books and records that, among other things, separately identify customer and proprietary accounts and active monitoring of proprietary trading activities, including, if appropriate, the establishment of risk-based position limits.

We conduct regular internal reviews of our customer and proprietary accounts, including recordkeeping and other account maintenance matters, to monitor the compliance with applicable laws and regulations and internal policies and procedures. Such review is conducted by personnel who are independent of proprietary traders and personnel responsible for customer relationships.

The Board of Directors or senior management of our firm establish general risk management guidelines and procedures for proprietary trading activities including instruments and strategies, position and trading limits for trading desks, business units and/or individual traders, periodic stress testing and cash flow and "value at risk" analyses. Compliance with such procedures and limits are monitored regularly by personnel independent of proprietary traders. The Board of Directors or senior management periodically review and modify such guidelines and policies, as necessary or appropriate.

Adequate separations are imposed between (a) back office personnel responsible for trade reconciliation, margin, position limits, preparation and maintenance of books and records and other similar matters as well as compliance personnel, risk management personnel and treasury or funding personnel, and (b) personnel responsible for customer relationships or proprietary trading. The authority of appropriate personnel in these areas should be clearly established.

The Primary Risk Control is at the Head Office/Branch level, and the secondary control is at the client level.

The limits are given on the basis of Past track Records of the client and the Margins/ Deposits in the form of Cash/BG/FDR/Approved Shares and Securities as specified by Exchange/clearing corporation from time to time of the client lying with Gee Bee Securities Pvt Ltd.

Client level/Trading Member Level Control

The Client/Trading Member is required to bring upfront Margins in the form of Cash / Securities by way of Margin Pledge and must ensure that Margins are paid in advance of trade. The Margin component consisting of Initial Margin(Var), Exposure Margin, Extreme Loss Margin, Additional Margin, Marked to Market loss and other margin as specified by exchange from time to time will also have to be paid by the client.

We may collect the margins & Mark-to-Market (MTM) losses from its respective client, in any of the following forms, provided they are free & unencumbered.

1. By way of payment from client or trading member bank account by way of cheque/Direct credit in bank account.(Considered as cash component)
2. Bank guarantee received towards margin, issued by any approved bank as specified by Exchanges/Clearing Corporation from time to time and discharged in favor of the Member/Clearing Corporation. (Considered as cash component)
3. Fixed deposit receipts (FDRs) received towards margin issued by any approved bank as specified by Exchanges/Clearing Corporation from time to time and lien marked in favor of the Member/Clearing Corporation. (Considered as cash component)
4. Securities in dematerialized form by way of margin pledge actively traded on the National Exchanges, not declared as illiquid securities by any of Exchanges, with appropriate haircut as prescribed by exchanges. (Considered as Non cash component)
5. Units of mutual funds in dematerialized form by way of margin pledge, whose NAVs are available and which could be liquidated readily with appropriate haircut. (May be considered as cash or non-cash depending on type of mutual fund units provided)
6. Government securities and Treasury bills in demat form by of margin pledge with appropriate haircut. (May be considered as cash or non-cash depending on type of mutual fund units provided)
7. We may also accept such other collaterals, as may be specified by clearing corporation from time to time.

At the time of share pledge, the value of closing price of share of the previous day shall be considered & effect of margin share capital provided to client for daily trading after deduction of applicable haircut.

In case of clients who are in continuous debit balance for more than 2 days, the buying for the client code is stopped on trading front ends till such time the debit is cleared.

We will accept quantity of securities within the permissible limit as prescribed by Exchange/Clearing Corporation from time to time. Further we may impose quantity limits on any security to reduce the high concentration risk pertaining to a security.

To the extent possible client or trading member should provide 50% its margin in cash and cash component and remaining 50% by non-cash component. It should be reviewed

at the end of each trading day and client should be asked to provided shortfall in cash component as soon as possible.

The high value trade of both buy & sale side shall be treated cautiously. The benefit of early pay in of securities and funds should be passed on to the client. Any additional margin levied by the Exchange shall be informed to the client & if any credit balance is available in the client's account, it shall be utilized for utilization of margin.

Trading Member Inspection Related Compliances

In case, We have trading members then operation of such trading members should be inspected by at least once in three years. It can be inspected by Clearing Member itself or any agency as mutually decided between the trading member and clearing member and cost of such inspection should be borne by Trading Member. Trading member will fully cooperate with Clearing member or agency authorized to inspect the books of account of trading member. In case other agency has been appointed, it will submit its report directly to clearing member. Clearing member will analyze it for the purpose of risk ascertainment as well deciding exposure limits. Apart from such inspection trading member will also submit the quarterly internal audit report to clearing member for onward submission to exchange/clearing co-operation.

Systemic Control

The clients' have been classified as high, medium and low risks, based on their trading patterns, financial document provided and on their funds flow system. The same shall be at the discretion of the Directors.

Pay-in of Fund & Stock

Third party pay-in of securities & fund will not be accepted. Same way pay out of shares and fund will be directly done to client account only. No securities belonging to one client be used/transferred for Own purpose or for other client.

The cheque can be either collected from the client or if the client deposited it directly in the bank of the Company, the effect in the client account shall be done only after verification in the bank book or bank deposit slip.

If any cheque given by the client gets dishonored, it shall be taken care of before the fund pay out day. Also for the time being, client account shall be locked/freeze to avoid further trades by the said client and accordingly the client or the dealer shall be informed about the insufficiency of funds.

If any debit balance is lying in the client's ledger the shares shall be kept in the CUSA account of the Company. These shares shall be released only on the receipt of payment by the client.

The analysis of the debit client management shall be done by the system generated ageing report on daily basis.

Segregation and Monitoring of Collateral at Client Level

Segregation of client collateral refers to the procedures that enable identification and protection of client collateral from- (i) misappropriation/ misuse by Trading Member (TM)/ Clearing Member (CM) and (ii) default of TM/CM and/or other clients. The objective of segregation is to effectively protect the collateral of a non-defaulting client from getting used towards the losses due to default by the member or other clients.

Member Broker to keep Accounts: Every member broker shall keep such books of accounts, as will be necessary, to show and distinguish in connection with his business as a member – i. Moneys received from or on account of each of his clients and, ii. the Moneys received and the moneys paid on Member's own account.

It shall be compulsory for all Member brokers to keep separate accounts for client's securities and to keep such books of accounts, as may be necessary, to distinguish such securities from his/their own securities.

Brokers should have adequate systems and procedures in place to ensure that client collateral is not used for any purposes other than meeting the respective client's margin requirements / pay-ins. Brokers should also maintain records to ensure proper audit trail of use of client collateral.

Brokers should further be able to produce the aforesaid records during inspection. The records should include details of :- a. Receipt of collateral from client and acknowledgement issued to client on receipt of collateral b. Client authorization for deposit of collateral with the exchange / clearing corporation / clearing house towards margin c. Record of deposit of collateral with exchange / clearing corporation / clearing house d. Record of return of collateral to client e. Credit of corporate action benefits to clients C. The records should be periodically reconciled with the actual collateral deposited with the broker. D. Brokers should issue a daily statement of collateral utilization to clients which shall include, inter-alia, details of collateral deposited, collateral utilised and collateral status (available balance / due from client) with break up in terms of cash, Fixed Deposit Receipts (FDRs), Bank Guarantee and securities.

Margin Collection & Margin Reporting

Trading and Exposure Limit if any set for the client is based on the Funds/Securities lying in the clients account from time to time. In case any position taken in Derivative Segment it is necessary to maintain adequate upfront initial Margin in the client account. As per the recent amendments made by SEBI now it is also mandatory to take the margin in Capital Market Segment also. Additionally, we have to also take the PEAK margin from client also.

Exchange data regarding margin levied by the Exchange for T+1 or T+2 days & in F&O segment, Span margin levied by the Exchange shall be informed to the clients via mail and margin reported MG 13 file shall be uploaded to the Exchange after collection of margin.

Any penalty levied by the Exchange shall pass on to client account on giving prior intimation to the client. However if any penalty is imposed due to violation on account of initial margin, same should not be recovered.

On best effort basis, clients will be notified of their trades/Risk-square off in case of margin shortfall through SMS & E-mail.

Positions of clients and trading member should be squared off or reduced to the extent possible on the same trading day if margin levied exceed margin provided based on the last provisional files received from exchange/clearing corporations or there is debit balance in client/trading member account by giving prior information to client/trading member. Client/trading member has to provide the shortfall margin by very next day by 11 AM to meet the shortfall and same should be further reviewed around 3.00 PM again for any shortfall, if any and necessary action should be taken to square off or reduce the positions.

If any client or trading member has repeated instance of margin violations/margins on Consolidated Crystallised Obligation or governance issues they should be separately considered from risk point of view and due diligence should be done for these accounts separately. Client/trading member should be asked to provide the latest financial statements/income tax return/bank statements or other relevant documents to evaluate the financial position to do the derivative trading.

Physical Delivery

SEBI has mandated physical deliveries of all open future position as well as in the money options.

In view of the same Trading Member/Clients should be informed regarding the probable physical deliveries and necessary arrangements should be made for the required margin or funds payable as well as securities deliverable.

Escalation & Exceptional Circumstances: All exceptional circumstances are escalated to Director Rakesh Kumar Baid or Nand Kishore Lal for immediate resolution.

This Policy was reviewed and approved by the Board of Directors of Gee Bee Securities Pvt. Ltd at their meeting held in Kolkata on 16th Day of June 2023.

This Policy will be reviewed regularly by the Director/s for its effectiveness and the person reviewing the policy should be different from the person framing the policy. This

should also be modified based on changed notified by
FIU/SEBI/EXCHANGES/CLEARING CORPORATION/DEPOSITORY.