

# SW CAPITAL PRIVATE LIMITED

## POLICIES AND PROCEDURES INACTIVE ACCOUNTS

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**(i) Policy of Inactive Client:**

If the client has not executed at least one trade during the preceeding 12 months across Exchanges, then the account of client is treated as inactive account or dormant account. The inactive client account shall be temporarily de-activated and it would be activated only on receipt of written request letter for activation of the account along with the supporting proof of the client. We would verify the request letter and the documents submitted by the client and after satisfactory verification; we would reactivate the client account and allow him to execute trade to ensure the genuineness of the client.

**(ii) Setting up client's exposure limits:**

The procedure of setting up of client exposure limit is as follows:

**Case No. 1**

If there is pure ledger credit balance in the trading account of the client then Limit will be allowed upto 4 times of the available credit balance.

**Exp: If the Ledger Balance is Credit of Rs. 1 Lacs than Limit will be Rs. 4 Lacs for Buy and Sell.  
So margin = 1 lacs & Exposure = 4 lacs.**

**Case No. 2**

The limit allowed the client is 4 times of cash and collateral is available with us. The collateral will be considered upto 100% of cash after deducting necessary haircut as stipulated by the exchange/SEBI.

**Case No. 3**

If there is Pure Loss in Account than Limit will be Zero

**Case No. 4**

If the client has debit balance but he has stocks with the broker. The broker may allow exposure upto 4 times of the value of stock after deducting haircut prescribed by the exchange and the debit balance in his trading account.

**Case No. 5**

If the client has zero balance in his trading account but he has deposited stocks with the broker. The Broker may allow exposure upto 4 times of the value of stocks after deducting the haircut as prescribed by the exchange.

**a. Risk Management System (RMS)**

1. Daily Limit Setting through RMS Software.
2. Dealers will be able to view the holding of the clients in their front office system.
3. Intraday limit in cash segment will be increased till 15 times with strictly Timer Auto Square.

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4. Day to Day recover phone calls go to the sub-brokers or the end clients of ours for margin shortfalls and T+1 payment.
5. We have Timer Auto Square up Facilities. In which whenever the market is highly volatile our RMS Team can take decision of compulsory square up all the open position at any point of time during the market hours.
6. We have MTM Auto Square up Facilities. In which we have to specify that when the Mark to Mark Loss reaches at 90 % the system will square its open position automatically.
7. T, TS and Z group securities not be allowed for trading .It could be done with special approval and 100% margin in the account. No leverage should be allowed on any condition.
8. Securities which has been debarred and suspended by SEBI and exchanges will be immediately suspended in our system.
9. Any shortfall of margins will attract delayed payment charges of 24% p.a.
10. All limit settings will be according to the market condition.
11. We also avoid trading in a physical share.

### **b. RMS Parameters through systems for online Trading and monitoring**

1. The Branch logins are provided through an automated Trading Platform supported by Hitech Technology of monitoring the clients trading through this software.
2. SWCA Uses BOW software which are highly compatible and easy to monitor
3. The RMS parameters are set out automatically through systems generated parameters set-out in Back-office software on day to day basis.
4. The limits are set automatically to each individual clients trading through any modes of Trading Platform.
5. Compliance action is automated for defaulting clients by squaring off their trades automatically at the end of given relaxation period to clear their dues.
6. The RMS process is monitored and evaluated for intra-day trading of the each individual clients, SWCA uses reliable online RMS software to track such status.
7. SW Capital believes in upgrading their RMS systems at every stage and every day to avoid any loops into the systems. Though the risk in stock market is not ruled out what we ensure to keep ourselves alive and SEBI compliant.

### **c. RMS Parameters through systems for Offline and monitoring**

1. SW Capital has system to monitor client position on day to day basis offline also.
2. The client having open position with member broker asked by the broker member to meet margin obligation on day to day basis.
3. In case of client have debit balance the broker member give intimation to the clients to clear the debit balance.
4. If the client has not fulfilled the margin obligation, then the SW Capital inform the client that if they will not meet the obligation till certain time SW Capital will square off their position as compliance action.

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**(iii) Applicable brokerage rate**

The applicable broker rate is depends upon the projected turnover of the client subject to maximum brokerage rate allowed by the exchange.

**(iv) Imposition of penalty / delayed payment charges by either party, specifying the rate and the period:**

If the client has debit balance in its trading account, then the broker may impose interest @ 24.00% p.a. on the debit balance of the client. If the client has fails to meet the exchange obligation and the exchange has imposed penalty on the broker for such violation. Then, the broker may recover the penalty from the client.

**(v) Shortage of obligations arising out of internal netting of trades:**

If the client has trading account with the member broker in various exchange of securities market. Then, the broker may net off the client balance across the segment(s)/exchange(s) to derive the available balance of the client with the broker.

**(vi) Conditions under which a client may not be allowed to take further position or the broker may close the existing position of a client:**

- a. If the client has debit balance and does not have sufficient stocks with the member broker. Then, the broker will not allow the client to take further position.
- b. The client is not allowed to take position of trade for trade securities. But the broker may allow the client subject to 100% margin and other terms and condition, as the broker may deem fit.
- c. If the client is unable to meet his margin/pay-in obligation, the broker may sell the securities available with the member broker to recover the dues of the client.
- d. On sale of securities, the client is liable to all the charges whichever the broker will incur on sale of securities of the client.

**(vii) Temporarily suspending or closing a client's account at the client's request and**

The client may request to the broker in writing to temporarily deactivate or permanently close the trading account. On submission of the request letter, the broker verify the request and if the client does not have debit balance, the broker will temporarily deactivate/close the client account and if there is any credit balance, the broker will issue the remaining balance to the client. Further, if the client willing to reactivate his account, he shall submit written request letter to activate his account along with the requisite documentary proofs with the broker. The broker will verify the request letter and the documents submitted by the client. After satisfactory verification, the broker will activate the client account and allow him to trade.

**For SW Capital Private Limited**

**Sd/-  
Compliance Officer**