

Risk Management System (RMS) Policy

1. Objective

This policy defines the Risk Management System (RMS) framework for Hotline Stock Brokers Private Limited to monitor, control, and mitigate trading risks in compliance with NSE/SEBI requirements.

2. Scope

Applies to proprietary trading activities and a limited client base consisting of 5 active clients primarily comprising family and friends.

3. Risk Parameters

The following risk controls are implemented:

- **Exposure Limits:** Maximum gross exposure per client shall not exceed limits set by NSE/SEBI. Proprietary exposure shall be monitored daily.
- **MTM (Mark-to-Market) Limits:** MTM loss limits shall be set and monitored intraday. Positions shall be squared off if MTM losses breach defined thresholds.
- **Margin Monitoring:** Adequate margins shall be collected/maintained before order placement. Orders shall be rejected if client margin is insufficient.
- **Concentrated Position Limits:** The firm shall not allow excessive concentration in a single scrip/contract.
- **Square-off Policy:** All intraday positions shall be squared off before market close unless rolled over as per stated client instruction.

4. Proprietary Trading Controls

Proprietary trading shall be conducted within approved risk limits. A dedicated fund shall be allocated for prop trading and shall not be co-mingled with client funds.

5. Client Risk Monitoring

The Compliance Officer shall personally review each client's positions daily. Any unusual activity shall be flagged for review.

6. Review & Reporting

RMS parameters shall be reviewed at least quarterly by the Board. Any changes to limits shall require Board approval.