



RISK MANAGEMENT POLICY

I. INTRODUCTION

1. Investment in securities is inherently subject to market risks that cannot be fully predicted or eliminated. While fluctuations in prices, volatility, liquidity conditions, and external events may impact investor positions, an effective and disciplined risk management framework helps in containing and mitigating such risks to the extent possible.
2. This Risk Management Policy (“**Policy**”) sets out the principles, procedures, and controls adopted by Finverse Platform Private Limited (“**Company**” or “**Finverse**”) to monitor, measure, and manage risks arising from its broking and related activities. This policy aims to safeguard the interests of clients and the Company by ensuring real-time oversight of exposures, prudent margin practices, timely alerts, and appropriate supervisory mechanisms. For the avoidance of doubt, neither this policy nor the controls implemented by the platform shall be construed as providing any form of insurance or guarantee against losses of any nature.
3. This Policy is formulated in accordance with the applicable rules, regulations, bye-laws, circulars, and guidelines issued by the Securities and Exchange Board of India (“**SEBI**”), the Stock Exchanges, and other regulatory authorities. It shall be reviewed and updated periodically based on regulatory developments, market conditions, and the evolving risk assessment of the Company.

II. SCOPE

4. This Policy applies to the broking and related business activities of the Company. It governs risk management practices implemented for clients, products, and operations across the broking segments, and shall be followed by all relevant departments and personnel involved in trade execution, risk monitoring, and client servicing.



III. GOVERNANCE / ORGANISATION STRUCTURE

5. The Risk Management Framework of the Company shall operate under the overall supervision of the Board of Directors of the Company (“**Board**”) and the Compliance Officer of the Company shall be the officer responsible to the Board, for formulating risk containment procedures, monitoring their implementation, and ensuring compliance with applicable rules, regulations, bye-laws, circulars, and guidelines issued by SEBI, Stock Exchanges, and other regulatory bodies. The Board shall provide strategic direction, approve the Policy, and oversee its periodic review.
6. The Compliance Officer, along with the risk management team will undertake real-time monitoring of client positions, margin utilization, trade surveillance, and square-off operations. The Compliance Officer shall report operationally to the Designated Director.
7. The risk management team shall maintain a risk dashboard and submit annual risk acceptance reports detailing persistent and emergent risks to the Board.

IV. RISK MANAGEMENT SYSTEM

8. Finverse will implement an automated Risk Management System (“**RMS**”) for online risk management including upfront real-time risk management for all orders placed through the Finverse trading platforms. The objective of instituting the RMS is for the Company to be capable of assessing the risk of the client as soon as the order comes in.
9. The RMS shall set and implement checks along parameters such as Order Quantity and Value Limits, Symbol wise User Order / Quantity limit, User / Branch Order Limit, Order Price limit, etc. and ensure that all orders fall within the set parameters. The Board reserves the right to revise the said parameters periodically in accordance with applicable laws.
10. The RMS shall generate alerts for orders placed above the stipulated limits and will generate reports relating to margin requirements, payments and delivery obligations. Deviations from such pre-defined limits will be identified, documented and corrective steps taken by the



Compliance Officer. The detailed reviews of limit exceeding orders will be conducted periodically.

11. The RMS shall maintain logs of alerts / changes / deletion / activation / deactivation of client codes and logs of changes to the RMS parameters.

V. SCRIP CATEGORISATION

12. The Company will follow all scrip classifications, margin requirements, and surveillance measures prescribed by the Stock Exchanges and SEBI, as may be applicable to the Company, including but not limited to VaR / ELM margins, ASM/GSM frameworks, price bands, derivative ban lists, and any other regulatory directives.
13. In addition to the above, the Company may adopt an internal risk-based scrip categorization framework.
14. The categorization, whether regulatory or internal, may be reviewed and updated periodically in line with exchange guidelines, market conditions, or the risk perception of the Company.

VI. EXPOSURE LIMITS / TRADING LIMITS

15. Exposure limits for clients shall be determined based on - ledger balance- and the risk category of the scrip.
16. The Company may set limits at:
 - 16.1 Client level;
 - 16.2 Scrip level; and
 - 16.3 Dealer / -through internal risk systems.
17. The Company may further impose quantitative limits in respect of the following, as may be implemented in the RMS:



- 17.1 Single Order Quantity / Value Limit;
 - 17.2 Symbol wise User Order / Quantity limit;
 - 17.3 User Order value Limit;
 - 17.4 Market Price Protection/Limit Price Protection Price limit;
 - 17.5 Spread order quantity and value limit; and
 - 17.6 Cumulative open order value check (unexecuted orders).
18. The Company may impose additional restrictions or enhanced margins on specific securities, clients, or segments, based on risk perception, credit quality, volatility, or regulatory obligations.
19. The Company may incorporate a manual override facility for reconfirmation of orders that do not fit the system-based risk control parameters specified by the RMS.
20. Any ad-hoc enhancement of exposure limits shall require approval from the appropriate authority.

VII. MARGIN REQUIREMENTS

Clients shall be required to maintain cash margins in accordance with SEBI and Exchange requirements.

- 21. Margins shall be collected upfront before permitting trading.
- 22. Margin requirements may include, as applicable:
 - 22.1 Value at Risk (“**VaR**”) margin
 - 22.2 Extreme Loss Margin (“**ELM**”)
 - 22.3 SPAN margin (for derivatives)
 - 22.4 Exposure Margin



22.5 Additional/Ad-hoc margins

22.6 Peak margin requirement

22.7 Physical Delivery Margin

23. Margin reporting to Stock Exchanges shall be carried out daily as per prescribed regulatory formats and timelines

24. Ageing Debit & CUSPA (Client Unpaid Securities Pledgee Account) Policy:

Finverse requires all delivery purchases to be fully funded by the settlement date (T+1). If a client fails to pay for the shares by this deadline, the shares are moved to a specific CUSPA Account (Client Unpaid Securities Pledgee Account) and the ledger reflects an Ageing Debit. Per regulatory mandates, unpaid securities cannot remain in the broker's control indefinitely:

24.1 Transfer to CUSPA: On T+1, if the client has not paid 100% of the purchase value, the shares are moved from the pool to Finverse's CUSPA Account.

24.2 Retention Period: These shares can be held in CUSPA for a maximum of T+5 trading days from the date of pay-in.

24.3 Mandatory Liquidation: If the debit is not cleared by the morning of T+5, the RMS desk is legally obligated to sell these specific securities in the market to recover the dues. No further exposure will be given to clients having debit balance beyond T+5 days.

While shares are in CUSPA or the ledger is in debit, the following RMS actions apply:

24.4 Trading Block: The client's account is immediately restricted from taking any fresh positions (Intraday or Delivery) until the debit is settled.

24.5 Interest (DPC): A "Delayed Payment Charge" (Interest) of 18% p.a. is levied on the debit balance starting from the day of pay-out.



24.6 Collateral Usage: If the value of the CUSPA shares has dropped below the debit amount then Finverse reserves the right to liquidate such shares. In case of further debit still remaining on the account, such shares will be considered as an ageing debit on the account.

Profit/Loss on CUSPA Liquidation

24.7 In case of Loss: If the sale of CUSPA shares results in a loss, the client's ledger will be debited for the remaining balance.

24.8 In case of Profit: Any profit generated from the forced sale of CUSPA shares (after adjusting for interest and charges) is credited back to the client's ledger as per SEBI guidelines.

Rights of the RMS Desk

24.9 Partial Liquidation: Finverse may sell only a portion of the shares if that is sufficient to clear the outstanding debit.

24.10 1 Day Prior Intimation via SMS and/or Email: For T+5 liquidations, Finverse shall issue a prior intimation of at least 1 trading day in advance prior. This shall be construed as a standing regulatory notice.

25. It is further clarified that:

25.1 Mark to Market (MTM) losses on open positions to be paid by the client by the next working day by 10:00 A.M (or prescribed timelines)

25.2 Delayed payment charge will be levied at 18% per annum payable monthly. Such charges on delayed payment shall be directly debited to the account of the Client at the end of every month

26. Clients shall be informed of margin shortfalls through SMS, email, and/or push notifications at predefined threshold levels, which may include, inter alia, margin utilisation reaching 50%, 75%, 85% of the applicable requirement. The Company may initiate



square-off of positions, without prior notice, upon the occurrence of significant margin shortfalls or breach of critical thresholds, as determined in accordance with its risk management framework.

27. Clients shall be required to make good any margin shortfall immediately upon receipt of a margin call and, in any event, no later than the prescribed cut-off time on the trade day or such other timeline as may be specified by the Company from time to time. In the event of failure to regularise the margin shortfall within the stipulated timeline, the Company shall be entitled, without further notice, to liquidate positions and/or collateral securities to recover outstanding dues, in accordance with applicable regulations and the Company's risk management policies.

VIII. INTRADAY PRODUCTS

28. The Company may offer intraday products such as MIS, BO, CO and Intraday Margin Product, subject to internal eligibility criteria and exchange regulations. Key conditions may include:
 - 28.1 Higher risk-based margins
 - 28.2 Scrip-level restrictions
 - 28.3 Auto square-off
 - 28.4 MTM-based or percentage-based stop loss triggers
 - 28.5 The Company's discretion (post approval of the Compliance / Risk Officer) in withdrawing intraday/leverage facilities during volatile markets.
29. Clients may be required to adhere to the specific product terms communicated separately.

IX. ILLIQUID / RESTRICTED SCRIPS

30. The Company may restrict, refuse, or partially allow trading in securities identified as penny stocks, illiquid, high-risk, GSM / ASM listed, or subject to surveillance measures.



31. Criteria for restriction may include:

- 31.1 Low liquidity;
- 31.2 High impact cost;
- 31.3 Exchange categorisation;
- 31.4 Price manipulation concerns; and
- 31.5 Unusual trading patterns.

32. The Company retains the discretion to block orders or reduce open positions in such securities without prior notice. The Company may, at its discretion, publish or make available on its trading platform or through internal communications a list of restricted, illiquid, or red-flagged scrips, which may be updated from time to time based on exchange circulars, internal risk assessments, or market conditions.

33. The Company reserves the right, without prior notice, to block orders, reduce open positions, impose quantity or value caps at the Unique Client Code (UCC) level, or otherwise restrict trading in such securities, notwithstanding the availability of margin or credit balance in the client's account.

34. Handling of Illiquid and Penny stocks: Penny stocks, characterized by low share prices and small market capitalizations, represent highly speculative and high-risk investments due to their inherent lack of liquidity and wide bid-ask spreads. These securities often suffer from limited public disclosure and a minimal following, which can make it exceptionally difficult for investors to exit their positions, particularly during market downturns. Because they are thinly traded, penny stocks are also highly susceptible to price manipulation. Finverse monitors both NSE and BSE surveillance circulars to identify these illiquid scrips and strongly advises clients to exercise extreme caution before committing capital to them.

35. To mitigate systemic risk, Finverse reserves the absolute prerogative to limit order quantities, restrict transaction values, or outright refuse orders in specific securities based on market



liquidity, security value, or internal risk lists. This remains true even if a client has sufficient margin or credit in their account. Furthermore, Finverse may mandate compulsory advance payment of the full settlement value or the pre-delivery of shares before an order is accepted for execution. The risk management team may also require manual reconfirmation for large orders and maintains the discretion to reject any trade based on its risk perception. The Company shall not be responsible or liable for any loss, including opportunity loss, arising out of non-execution, partial execution, delayed execution, rejection of orders, or imposition of restrictions in respect of penny stocks, illiquid, or restricted securities. The client acknowledges that any losses resulting from such order refusals, volume limits, or execution delays shall be borne exclusively by the client alone.

36. The Company retains absolute discretion to reject or cancel any order in such securities based on its internal risk assessment, regulatory obligations, or prevailing market conditions, and such discretion shall not give rise to any claim against the Company.

X. PAY-IN / PAY-OUT OF FUNDS AND SECURITIES

37. Clients shall fulfil pay-in obligations for funds and securities as per Exchange prescribed settlement timelines.
38. Short deliveries shall be handled as per the norms prescribed by the Stock Exchanges.
39. The Company shall have the right to sell client's securities under CUSPA with at least 1 trading day prior intimation where there is a delay /failure by the client to meet the pay-in obligations and/or there is a failure by the client to bring Margins and/ or additional margins to cover the increase in risk in the market conditions.
40. The Company shall not be responsible for any losses and penalties / charges levied by Stock Exchanges(s) caused on such square off. The Company shall not be under any obligation to compensate / or provide reasons of any delay or omission on its part to sell clients securities or close open positions of the client. Save as otherwise provided in Applicable Law, any



losses incurred by Company due to Client's fault, the Company reserves the right to recover costs and such losses from the respective Client.

41. Zeroising of Clients Cash & Stocks (Collateral): In accordance with SEBI/Exchange mandates, Finverse follows the "Running Account Settlement" protocol. This process involves the mandatory "Zeroising" (transferring back) of unutilised funds to the client's source bank to ensure transparency and prevent the misuse of idle assets.

41.1 Clients can opt for one of the following "Zeroising" frequencies at the time of account opening:

41.1.1 Monthly Settlement: Executed on the first Friday of every month.

41.1.2 Quarterly Settlement: Executed on the first Friday of every quarter (January, April, July, October).

Note: If the first Friday is a market holiday, the process is performed on the previous working day.

41.2 On the day of settlement, the RMS desk performs the following:

41.2.1 All unutilised cash balances in the client's trading ledger are transferred back to the primary linked bank account.

41.2.2 Finverse is permitted to retain only 125% of the total margin requirement (including pay-in obligations) to cover existing open positions. Any amount in excess of this 225% (Total Margin + 125% buffer) must be zeroised/refunded.

41.3 The account will not be fully zeroised if:

41.3.1 The client has open F&O or Intraday positions requiring margin.

41.3.2 The client has a pending debit balance or an unresolved margin call.



41.4 Once the account is zeroised, the client's "Buying Power" will reflect as zero. To resume trading, the client must:

41.4.1 Initiate a fresh Online Fund Transfer to the Finverse ledger.

41.4.2 Re-initiate a Margin Pledge request for their securities.

XI. MONITORING AND SURVEILLANCE

42. The risk management team shall monitor:

42.1 Intraday and end-of-day client positions;

42.2 Margin utilisation;

42.3 Exposure limits;

42.4 MTM losses;

42.5 Concentration risk; and

42.6 Scrip-level and segment-level exposures.

43. Alerts shall be generated automatically based on internal parameters. Surveillance red flags shall be escalated to the appropriate authorised personnel of Finverse.

44. The Company will monitor obligation positions of the clients. In case if there is debit balance in the client account and no securities are available with the Company as margin, the relevant team within the Company shall proceed with the collection of the overdue amount within time limits prescribed by SEBI/Stock Exchanges. The Company will not carry forward the client position in the cash segment over T+5 days of trading. If a debit balance continues beyond T+1, the Company may liquidate the securities corresponding to the debit balance on any day after T+1. For all debit amounts outstanding for more than T+1 days, the Company will levy a delay penalty. The delay penalty will be charged max upto 18 % per annum, payable monthly on the outstanding debit amount, calculated from the date on which the debit first arose.



XII. LIQUIDATION / SQUARE-OFF

45. In the event of margin shortfall or debit balances, the Company reserves its right to square-off open positions without prior notice, based on:

45.1 MTM losses crossing [80% threshold]

45.2 Margin shortfall

45.3 Ageing of debit beyond [T+5- internally set timeline]

46. MTM and Time-based Auto Square Off:

46.1 Finverse utilizes a dual-layered Auto Square-Off mechanism to maintain platform stability and limit financial exposure for both the broker and the trader. The first layer is the MTM-Based Square-Off, which acts as a critical risk circuit breaker. If at any point during the trading session a client's cumulative Mark-to-Market (MTM) losses reach 80% of their total effective margin (consisting of net cash and haircut-adjusted collateral), the RMS system will automatically trigger a liquidation of all open positions. These liquidations are executed via Market Orders to ensure the fastest possible exit, though clients should be aware that extreme volatility may result in execution prices that differ from the 80% trigger point.

46.2 The second layer is the Time-Based Auto Square-Off, which ensures that all intraday-coded positions (MIS, CO, BO) are settled before the market close. For the Equity segment, this process typically commences at 3:14 PM, while F&O positions are squared off starting at 3:15 PM. To avoid this compulsory liquidation, clients must either manually close their trades or ensure they have sufficient funds to convert intraday positions into delivery (CNC) or carry-forward (NRML) status prior to the cutoff. Every order executed by the RMS desk, whether due to an MTM breach or time-based expiry, incurs a dedicated Auto Square-Off Fee in addition to standard brokerage. While these systems are automated, the ultimate responsibility for position monitoring lies with the client, as circuit filters or technical liquidity gaps may occasionally prevent the system from executing an exit.



47. Physical Delivery: On the last day of monthly expiry for stock derivatives positions (Stock options and Stock Futures), on expiry day

47.1 Only square off orders will be allowed for open positions till 10.00am

47.2 From 10.00 am onwards, till the end of the day – fresh position will be blocked and open positions (if any) will be squared off by us.

XIII. TRANSACTIONS IN FUTURES AND OPTIONS

48. Clients are permitted to buy as well as sell futures contracts on index and securities based on upfront Initial margins. The client is obligated to make available funds to the Company by way of block, on their bank balance linked to their trading account before they trade, and the same shall be treated as part of the ‘cash’ limit. The funds which are to be received by the client for their previous sell position are part of ‘non-cash’ funds. The total of cash and non-cash funds gives the trading limit of the client.

XIV. ERROR TRADES / CLIENT CODE MODIFICATIONS

49. Error trades arising from dealer mistakes or system issues shall be handled as per the Error Trade Handling Policy of the Company.

50. Client code modifications shall be permitted strictly and exclusively for the purpose of correcting genuine client code errors, in accordance with exchange-prescribed categories and timelines, and subject to requisite internal approvals. All other forms of client code modifications shall be expressly prohibited.

51. All modifications shall be reported to the Exchange as per prescribed timelines.

XV. RISK-BASED ORDER RESTRICTIONS

52. Orders may be rejected automatically based on:

52.1 Insufficient margins.

52.2 Scrip restrictions.



- 52.3 Single-order value/quantity caps.
 - 52.4 F&O ban lists.
 - 52.5 Illiquid options.
 - 52.6 Surveillance measures (GSM / ASM).
 - 52.7 Internal exposure exhaustion.
53. Finverse may enhance or modify such restrictions based on market volatility or regulatory instructions.
54. Client wise/member wise position limit (MWPL): The Finverse RMS Desk monitors MWPL utilization in real-time. We reserve the right to disallow new positions in stocks where the MWPL utilization crosses 80% to 90% as a preemptive safety measure.
55. Prudential Treatment for Securities in Ban Period: To safeguard the company against excessive systemic risk, Finverse prohibits the creation of fresh positions in any derivative security currently under the Exchange-mandated "Ban Period." Clients are permitted only to square off or reduce their existing open interest to ensure compliance with market-wide position limits. Any attempt to increase exposure in restricted scripts will result in immediate order rejection by the RMS system, and Finverse reserves the right to forcefully liquidate any unauthorized additions.

XVI. DEALER / STAFF DUE DILIGENCE

56. Dealers and key operational staff shall:
- 56.1 Hold valid NISM / Exchange certifications.
 - 56.2 Undergo periodic training on risk policies.
 - 56.3 Adhere to dealing room protocols.
 - 56.4 Be subject to monitoring, including call recordings, audit checks, and surveillance review.

XVII. SETTLEMENT RISK MANAGEMENT



57. Settlement-related risks shall be mitigated through:

57.1 Timely pay-in and pay-out of funds and securities.

57.2 DVP-I / DVP-II processes (where applicable).

57.3 Verifying trade files and settlement obligations.

57.4 Monitoring custodian trades in institutional accounts.

57.5 Handling mismatches, short deliveries, and auction processes as per exchange norms.

58. Internal reconciliation shall be done daily by the Operations team of the Company.

XVIII. PENALTY / DELAYED PAYMENT CHARGES

59. In case of debit balances or margin shortfalls, the Company shall levy delayed payment charges maximum up to 18% per annum payable monthly or such rate as may be prescribed by regulation or internal policy.

60. These charges compensate for funding costs and do not grant any credit facility to clients. Charges may apply until obligations are fully settled.

XIX. ACCOUNT SUSPENSION AND DEREGISTRATION

61. Finverse recognizes that account suspension and deregistration are critical safeguards used to mitigate financial, operational, and regulatory risks. We reserve the right to suspend any client account immediately due to persistent margin shortfalls, KYC non-compliance, or suspicious trading activity detected through our surveillance systems. In cases of grave misconduct, such as market manipulation or legal insolvency, we may permanently deregister the Client and terminate the legal relationship. All assets are liquidated as per our dynamic square-off protocols to clear outstanding dues before final closure, with any resulting losses borne entirely by the Client.

XX. POLICY REVIEW AND AMENDMENTS



62. This Policy shall be reviewed annually or upon significant regulatory or business changes, whichever is earlier. An external auditor shall also review this policy annually and the recommendations of the auditor shall be placed before the Compliance officer for further action/implementation. Following the initial external audit review, subsequent external audits of the Policy shall be undertaken once every three years.
63. Amendments shall require approval of the Board. In case of urgent changes, interim approval may be granted by the Compliance Officer, subject to subsequent ratification by the Board.
64. The updated Policy shall be disseminated to relevant personnel and uploaded on the website of the Company, where required.
65. In case of any amendment(s), clarification(s), etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, such amendment(s), clarification(s), etc. shall prevail upon the relevant provisions of the Policy and this Policy shall be deemed to be amended accordingly from the effective date of such amendment(s), clarification(s), circular(s) etc.