



RMS Policy

Investment in securities is susceptible to market risks which cannot be predicted. While the risk of loss is inherent in the market, it is important to note that the Risk Management Policy is not an insurance against losses; these are measures and precautions that are adopted to contain risks to the minimum. The Policy is subject to change according to our risk perceptions of the market and SEBI/Exchange regulations for the time being in force.

Quest Risk team reserves rights to give exceptions/deviations to this policy at their discretion.

Script Categorization

Scripts margins are primarily based on factors like:

VAR margin

As per exchange:

Trade 2 Trade Stock is 100 % Minimum upfront margin applicable on securities other than T2T is 20%.

Dealing in Illiquid/Restricted Scripts.

In order to exercise additional due diligence while trading in these securities on behalf of their clients:

- Quest reserves the right to refuse execution of any transaction requests of the client on such restricted securities or to reduce the open market interests of the client in such securities/contracts.
- Quest also reserves the right not to allow any trades or transactions in respect of certain securities or segments or orders/requests which may be below/above certain value/quantity as may be decided by Quest Risk Team from time to time.

Limits & Exposure:

Assigning Trading Limits:

- Margin/Deposit based limits are assigned to the customers for trading purpose.
- Limits are based on the following method: {Cash Deposit + pledge securities (After hair cut) Equal to cash Deposit}* 90%.



- If, Pledge Share Value > Cash Deposit, limit is given on the basis of the above mentioned formula. Quest reserves the right to provide additional limit on the basis of collateral given by the client.
- In case of Debit in the ledger account due to Mark to Mark losses or buying, Client will not be given limit on the basis of formula.
- Margins are blocked at scrip level on the position taken by the clients as below
For Cash segment – As per scrip category
For Derivative segment – Initial (SPAN) + Gross Margin (as per exchanges)
- Deposit is calculated at customer level after netting off ledger balance.
- Additional Limits may be assigned on case to case basis post evaluation of the client profile which shall be solely at the discretion of RMS of Quest.
- The limit for trading on pledge securities will be given to client on best effort basis only post confirmation of creation of pledge in favor of Quest. Quest will not be responsible for any delay or non-receipt of link / OTP from depositors for creation of pledge or non-confirmation of pledge request by the client or due to technical or any other issue at depository as well as at Quest's end.

Liquidation:

Based on the risk, every client account shall be evaluated to ensure that, sufficient margin is available at all the times as per the Margins.

In case of Margin shortfall, following actions are initiated by Risk Team:

Making margin calls, and requiring clients to provide additional margins.
Liquidating client's position or collaterals to the extent of shortfall obligations.

Risk square off process

- A. Quest reserves the right to close / liquidate the open positions / sell securities to the extent of ledger debit and /or to the extent of margin obligations if clients does not clear margin shortfall within stipulated time.
- B. Selection of position to be liquidated will be as per best possible combination, which would cover maximum margin shortfall.



Ageing Debit Square off:

- As per SEBI guidelines, clients account cannot be funded by broker.
- Only grace period of 5 working days from settlement day is given to the client to clear the dues. It is client's obligation to clear his / her outstanding dues by T+1 (T indicates Trading day). The client shall ensure that sufficient funds / securities are kept with Quest to meet exchange obligations.
- Quest reserves the right to close / liquidate the open positions / sell securities to the extent of ledger debit and /or to the extent of margin obligations.
- Selling will be done in clients account on T+7 days for the ledger debit which is more than T+6 days on ageing basis. No further exposure is to be given clients having debit beyond 5 days.

Intraday:

- Client agrees and accepts that if for any reason beyond our control, like force majeure causes, disruptions in the communication network, system failure, slow or delayed response from system, trading halts, or the Exchange applying circuit filters because of which the open Intraday positions could not be squared off and are carried forward, client is expected only to Square them off on a best effort basis, as soon as may be, and any and all losses arising from such events will be to my / our account.
- Client agree and accept that he/she will not hold Quest Securities Ltd , their directors, officers or employees liable for any loss that may sustain as a consequence of availing of this facility. All terms and conditions of the agreement that are executed shall remain effective and in force in all respect until terminated interms thereof.
- Further, as per SEBI circular on handling of clients' securities, in case of Debit balance (at consolidated level) in client ledger account, Client Securities shall be auto pledged in CUSPA account. No limit shall be provided against shares pledges in CUSPA Account. In case of nonpayment of dues, Quest reserves the right to sell such securities.
- In case of non-payment of purchased securities or towards margin obligation of client, where the client has given Power of Attorney in favor of Quest, the margin pledge shall be initiated by Quest on behalf of the client. The margin pledge will be initiated as per the process defined by the Depositories / SEBI / Exchanges.
- The client will receive a link on registered Email id / Mobile number mapped with depository (CDSL) for confirmation of pledge in favor of Quest. Client will have to enter an OTP received on



- Email id and /or Mobile number within the prescribed timeline to confirm pledge in favor of Quest.

Placing of Order:

- Branch Manager/RMs/Dealers should ensure that orders are placed through CTCL/BOLT/NEAT Terminals with in the exposure limits applicable to clients as decided by the RMS Team and the HO.

Updated on 31.03.2023