

## **Products offered by Centrum**

### **1. Cash & Carry**

- This is a normal Delivery based product.
- The client is required to have 100 % margin available to trade.
- The margins will be in the form of cash (if the client gives a Cheque before trade, by default it will be considered for giving limits but his past record & market condition may be considered before giving limits), this will be available for purchases and for sale the securities need to be available with Centrum either in Centrum's Client beneficiary account or Clients' account with Centrum as DP where POA is with Centrum.
- The exposure limit given will be 1 time the available collateral.
- The client can buy shares against sale of securities available with us in Centrum's client beneficiary account or Clients beneficiary account with us as DP where POA is available with Centrum.

### **2. Margin**

- The client is given leverage based on the collaterals available; the exposure limits are based on the client categorization.
- Scrips accepted as collaterals and haircuts thereon would be as specified by the Exchange(NSE circular reference: NSE/INSP/2008/65 dated: 28<sup>th</sup> February 2008  
If at EOD the position is open, it would get converted to cash and carry and entire purchase or sale value would get debited / credited to the ledger balance. Even if the client has not opted for cash & carry all the open position would get converted to cash & entire purchase or sale value would get debited/credited to ledger balance

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For F&O segment position margins as per exchange rule will be charged on the EOD open position i.e. span + exposure margins + addl. Margins (if any)

NOTE: Intraday exposure against sale carried out under cash and carry product would be available for utilization by client under cash and carry / margin/ intra day product.

#### **4. Employees trading**

- Employees will be allowed to trade as per the employees trading policy.

#### **5. Limits & Receivables for NRI clients.**

- 1 time limit will be given on the basis of balance received by Risk Department from Bank.
- No limits will be given if the file is not received by Risk Department from Bank.
- In case of purchase of shares – Client transfers the money by I-Connect or Bank transfers

#### **Client Exposure Limit**

- Exposure limits available to the client would be based on combination of scrip categorization across exchanges and across segments.
- It would be based on the balance available in his ledger account on T day at 9:00 am (where T is the trade date) in cash and F&O segment adjusted for F&O margins and further adjusted for positions unsettled (details provided under BOD procedure)
- Ledger balance will be based on trade-day basis irrespective of billing policy.

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- Limits will also be available on those securities which are in the Exchange F&O approved collateral securities list and are in Centrum's Client beneficiary account or receivable in Centrum's Client beneficiary account in pay-out after haircut as specified by the exchange for the particular scrip.
  - Client holding in Centrum Client Beneficiary account & stocks which are to be receivable (under obligation) will be uploaded on RMS module (Trading Software) to enable the clients to sell these shares and avail further limits after selling the same.
  - After market orders on the web portal, will be sent to the exchange only after they are validated by the system against available balances BOD. If, there is insufficient balance the order would be rejected.

**Client Intraday Margin**

- Intraday Margins on the positions would be based on the pre-defined percentages in line with the classification of various baskets and client categorization plus scrips based on its VAR for Cash segment & Span + Exposure in F&O segment.
- The margins would be reviewed and baskets re-worked on monthly basis, and also in volatile market scenario:

**Client Intraday Exposure**

- Sale positions taken in the cash and carry product, during the day would be allowed to be leveraged if the Clients beneficiary account is with Centrum as DP and POA is available with Centrum Broking.
- The intraday booked losses/ profits of the clients will be added to or deducted from margins available at BOD accordingly.
- Intraday unrealized mark to market losses will also be blocked from margins available.
- Any exceptions are considered by the business/sales group head only on recommendation of the branch/regional heads

**Intraday Margin Calls & Square off policy**

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- Intraday, if the client's Net loss (i.e. Booked Loss + mark to market loss – Booked profits) on Total open positions (Net previous open positions + Intraday positions + F&O open interests) is equal to 50% of the total gross margins (shares + cash) deposited by the client; the client will not be allowed to take any fresh positions.
  - If the client's Net loss (Booked Loss + mark to market loss – Booked profits) reaches 70 % of the total collateral available, the clients position will be squared off to the extent that the net loss comes down to 50 % of the total gross margins deposited by the client.
  - Generally, the sequence to be followed is: First intra day margin and intraday (F&O and cash) positions followed by F&O positions and then Cash segment unsettled positions in margin product, to the extent of the margin requirement would be squared off. However, these are subject to liquidity and other related aspects in the market. The client's limit for the next day trading will be zero unless new collaterals are brought in by the client.
  - After square off of the open positions, if still there is a loss in the clients' accounts, the collaterals will be liquidated to the extent of the loss.
  - The collaterals will be squared off as specified in collaterals: equity section.

**Limits against demat holding in Clients a/c**

- All shares will be blocked in DP B/O at BOD for all clients who have given POA to Centrum.
- These quantities are uploaded to the RMS module. These shares are available to the clients for sale during the day.
- No limits will be given to the clients against the blocked shares. On sale of these shares, intraday limits would be available to the client as mentioned under cash and carry product.

**Volatile market**

Market is considered Volatile when either of the following happens:

- Market price movement by 5% in a day, in any direction
- 5% price movement in a day and regaining either the full or part during the day
- In a volatile market, the leverage for Cash Segment will be reduced to maximum 2 times or less. And the leverage for F&O segment will be computed based on the Span + Exposure margin.

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■ Positions would be squared off to the extent of the MTM loss and the balance position has 100% margin.

- First F&O positions and then positions in equity market, to the extent of the margin requirement would be squared off. In exceptional cases we have a right to demand all additional margins in Cash.-The Client would be intimated as per the policy stated above.
- The square off of positions would be done as per the procedure laid down and explained above.
- Intra day valuation of collaterals would be carried out.
- Limits can be considered to clients on the unrealized Cheque but it can modify to only on realize amount depending upon market condition or client track record.
- In exceptional circumstances Business group has the right to make any of these parameters more stringent.

**Time to action:**

Market price movement upto 5% would seek EOD change in parameters

Any movement >5% would call for intra day change in parameters. The parameters once changed would be retained for a minimum of 3 days or longer if the trend continues. A proper review would be carried out to re-set the parameters at normal levels.

**Transfer of funds within segments**

- Transfer of funds between segments to the same client account will be effected by journal entry.
- The journal entry will be supported by transfer of funds between the bank accounts of the respective segments. Head of Finance will monitor and approve these on a daily basis

**Interest & penalty procedure for delayed payments**

- Payments received after T+2 Day will be charged interest at the rate of 21% p.a. or as may be decided from time to time.



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- Existing open positions would be squared off
- No fresh positions would be allowed to the client till the time the receivables are cleared

Disclaimer;

The above guidelines are to be considered as broadly indicative and subject to changes without any notifications in line with the changes in market environment as may be perceived by CBPL. No claims on basis of the above guidelines by any party will be entertained and CBPL is fully entitled to make variations in allowing limits towards credit and exposures and square off / liquidate the collaterals in case of any default by the parties.