M/S NOKHA COMMODITY SERVICES
Member : National Commodity & Derivatives Exchange,
Member : Multi Commodity Exchange of India Limited
Ph. 01531-222022, 220809 Fax 222022
Mo. No. 9414147141, 9414416642
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Near Navali Gate,
Bikaner Road,
Nokha-334803
Bikaner (Rajasthan)

Ref :- Date :- 24-07-2020

Risk Profile Categorization/ CSC(Clients of Special Category) Policy

A Risk Management System is integral to an efficient Risk system. We have put in place a comprehensive risk management system, which is constantly upgraded as per the Exchange, SEBI & PMLA norm and also as per Market Movement.

Categorization Of RISK

Nokha Commodity Services classifies clients into High Risk, Medium Risk and Low Risk. Such classification is done based on a personal relationship maintained with clients andrespective Branch in Charges. Apart from this, all the clients are evaluated based on the initialmargin and subsequent margins paid by them. The trading patterns of clients are also takeninto consideration for classification of risk profile.

All the clients should be classified as High, Medium or Low risk clients and a periodicmonitoring of the client activity should be undertaken based on the classification

Category A - LOW RISK
Category B - MEDIUM RISK
Category C - HIGH RISK
Category D-VERY HIGH RISK

- **Assign Risk Profile category of clients during a/c opening :**

Face to Face clients within city :Low Risk
Face to Face clients of other than city : Low Risk
Client Introduced by existing Face to Face clients: Low Risk
Client Introduced by other Existing Clients : Medium Risk
Direct Clients of city : Medium Risk
Direct Clients of other than city: High Risk
Non resident Clients: High Risk

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- **Category A (Low Risk) :**

Clients are those who pose a low or nil risk. They are good corporate /HNI/ Individual who
has a respectable social and financial standing.

- ✓ Clients who make payment on time and take delivery of shares.
- ✓ Debits as compare to revenue
- ✓ Debits/pay in are cleared with in T+2 day
- ✓ Regular payment through A/c payee cheque from the Bank A/c already mapped with us
- ✓ No short Delivery and Auction cases are reported in exchange
- ✓ No cheque bouncing cases in previous record
- ✓ No penny stock trading
- ✓ Limited intraday speculative trading
- ✓ Prompt payment of all dues including DP charges
- ✓ Reasonably good DP holding value with POA
- ✓ No margin shortfall penalty in derivatives/Currency segment

- **Category B (Medium Risk):**

Clients are those who are intraday or speculative clients. These are the clients who Maintain running account with Nokha Commodity Services

- ✓ Payment through A/c payee cheque from the Bank A/c other than one already mappedwith us
- ✓ Debits as compare to revenue
- ✓ Debits/payin are cleared but not beyond T+5 day
- ✓ Rare case of cheque bounce and the same would be cleared immediately
- ✓ Rare case of Short delivery and margin shortfall penalty.
- ✓ Rare case of penny stock trading.
- ✓ Reasonably good DP holding value with POA

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- **Category C (High Risk):**

Clients are those who have defaulted in past, have suspicious transaction/background; do nothave any financial status etc.

- ✓ Frequent aging of debits beyond T+5 days
- ✓ Debits as compare to revenue
- ✓ Cheque bounce cases
- ✓ Payment through Banker's Cheque / DD / Cash
- ✓ Always clear the debts by sell off the position on compulsion by RMS
- ✓ High speculative nature of trading -speculative clients whose turnover is not in line withthe Financials
- ✓ Client scrip concentration in particular scrip's
- ✓ Client Margin reporting violation in F&O and currency

- **Special Category D : (Very High Risk)**

- ✓ Non resident clients
- ✓ High net worth
- ✓ Trust, Charities, NGOs and organizations receiving donations
- ✓ Companies having close family shareholdings or beneficial ownership
- ✓ Politically exposed persons (PEP) of foreign origin
- ✓ Current I Former Head of State, Current or Former Senior High profile politicians and connected persons (immediate family, Close advisors and companies in which such individuals have interest or significant influence)
- ✓ Non face to face clients
- ✓ Clients with dubious reputation as per public information available etc.
- ✓ Daily basis , risk report will be generated and if the client is in the 'High Risk' category or in the 'Liquidate', new limit will not be available for these clients without clearing the existing debit
- ✓ Give more caution and careful while monitoring the transactions of B & C category.
- ✓ Apart from this we need to exercise extra caution while monitoring the transactions of NRI/ NREI / PIO and foreign clients, especially when we payment is being made in foreign currency.

For Nokha Commodity Services

Partner / Authorized Signatory