Risk Management Policy – Broking Services

1. **Introduction** At LGT Capital private limited, we prioritize the security, trust, and confidence of our clients. Our comprehensive Risk Management Policy is designed not only to meet regulatory standards but also to ensure that our clients have a clear understanding of the safeguards in place to protect their investments. This document aims to provide a transparent overview of our risk controls and how they are aligned with client interests.
2. **Objective** The main objectives of our risk management framework are:
   - To ensure the safety of client funds and positions
   - To proactively manage various forms of financial, operational, and systemic risk
   - To comply with SEBI, Exchange, and other regulatory requirements
   - To encourage informed and responsible trading practices
   - To offer timely communication and actionable alerts to clients
3. **Key Components of the Risk Management Framework**
   a) **Client Onboarding & KYC Verification** Our onboarding process is robust and ensures that every client account is opened only after complete verification of identity, address, financial capacity, and risk appetite. We use industry-leading technology to conduct KYC, prevent identity theft, and meet compliance norms. This ensures that only genuine and financially sound clients enter the trading system.

   b) **Margin Collection and Monitoring** We follow a pre-trade risk control system where clients must provide sufficient margins—SPAN (Standard Portfolio Analysis of Risk) + Exposure margins * Risk Factor (as and when LGT capital imposes)/ Var + ELM * Risk Factor (as and when LGT capital imposes)—before placing an order. This ensures that trades are funded appropriately and helps in managing the risk of defaults. Clients can view margin requirements, shortfalls, and utilization in real-time through our trading platforms.

   c) **Exposure Limits** Exposure limits are allocated to clients based on multiple parameters, including net worth, trading behaviour, instrument volatility, and real-time risk. These limits help prevent excessive leverage and are dynamically adjusted to maintain trading within safe bounds. Limits may be restricted in the event of volatile markets or if client behaviour raises concerns.

   d) **Real-time Surveillance** We continuously monitor client trades for patterns that may indicate risk, misuse, or non-compliance with regulations. Our automated systems flag suspicious activity such as circular trading, front running, and price manipulation. These alerts are reviewed by our surveillance team, and necessary action—including warnings or trade restrictions—may be applied.

   e) **RMS Actions (Square-off Policy)** When a client's margin utilization exceeds safe thresholds or falls below maintenance requirements, our Risk Management System may initiate auto square-off of open positions. This measure helps control risk escalation for both the client and our firm. Square-off procedures are performed based on a priority system (e.g., most risky positions first) and aim to minimize loss exposure.

   f) **Volatility & Event Risk Management** During significant market events—like Union Budget, RBI announcements, major global news, or election results—we may revise trading limits, disable high-leverage products, or impose temporary trading restrictions. These are precautionary steps to protect client portfolios from unexpected and extreme price swings.

   g) **Settlement Risk Controls** We strictly follow settlement obligations as defined by exchanges. Client and proprietary funds are always kept in separate accounts to prevent fund misuse. Clients receive timely updates regarding settlement cycles, pay-ins, and pay-outs through multiple communication channels.

   h) **Risk Reports and Client Alerts** Clients receive End of day SMS and email alerts regarding trade confirmations, margin shortfalls, auto square-offs, and any unusual account activity. Our web and app platforms provide comprehensive dashboards where clients can monitor margin utilization, ledger balances, open positions, and risk parameters.

4. **Client Responsibilities** We believe in mutual responsibility. While we provide the tools and controls to manage risk, clients are also expected to:
    - Ensure sufficient margins before executing trades
    - Monitor open positions, particularly during volatile markets
    - Respond quickly to RMS alerts and margin calls
    - Avoid using unauthorized software or engaging in algorithmic trading without permission
    - Protect account login credentials and report any suspicious activity
    - Regularly update KYC documents and registered bank/DP details
    - Maintain awareness of market news that may impact positions
5. **Education and Awareness** We encourage clients to access our educational resources, including tutorials, webinars, and risk advisory notes. A well-informed client is better equipped to manage risk effectively.
6. **Disclaimer** Securities markets are inherently risky. While we strive to provide a secure trading environment and advanced risk controls, trading decisions, and the responsibility to maintain adequate funds rest solely with the client. Losses arising due to market movements, inadequate margin, or delayed response to alerts are the client's responsibility.
7. **Policy Review and Updates** This Risk Management Policy is reviewed periodically to incorporate changes in regulation, market conditions, or internal policies. Any updates will be published on our website, and clients are encouraged to stay informed by visiting this section regularly.