FORTUFUSION STOCK BROKING SERVICES LLP
ACL-7069
REGISTERED OFFICE NO 113 AND 114, AMBITION TOWER 1, SUBHASH MARG, AGRASEN CIRCLE C-SCHEME, JAIPUR-302001
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FORTUFUSION STOCK BROKING SERVIES LLP

RISK MANAGEMENT POLICY

Version 1.2026

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POLICY CONTROL

Version:	1.0.2026
Version Date:	31st March 2026
Approved by:	Board of Directors
Department in Charge:	RMS Department
Frequency of Review:	Yearly or as and when any update comes change in the Relevant Regulation comes or any change in the Company's internal control or Structure whichever is earlier.

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RISK MANAGEMENT POLICY

I. BACKGROUND:

SEBI has issued comprehensive guidelines and has laid down detailed norms for Stock Exchanges, Stock Brokers and other intermediaries in the secondary market.

As a Stock Broker, company has to consider the Risk Management Policy on two fronts viz. Meeting the requirements of the Regulators / Stock Exchanges on risk containment issues and setting its own operational guidelines with proper parameters to combat various risk related issues. The function of Risk Management being an ongoing exercise is reviewed periodically and necessary measures are initiated to enhance its overall effectiveness.

II. RISK MANAGEMENT MEASURES:

I. Client Account Opening and its Maintenance:

(Brief about the Client Account Opening and its Maintenance from KYC Policy to be mentioned here as a part of Risk Management Policy)

(Name of the Stock Broker) has to maintain client level exposure. Total deposits of the clients are uploaded into the system at the BOD and clients may take exposure on the basis of margin applicable for respective security as per VaR based margining system of the stock exchange or at a higher level which depends upon the market situation.

The following measures are maintained for giving exposure to the client:

- Trading is allowed only against available margin in client's account either in the form of clear credit balance and/or approved securities after appropriate haircut held by the client with (Name of the Stock Broker).
- Effective margin is computed as under:

  In cash segment, we provide exposure limit to a client which would be a multiple of the available margin
- In the Derivatives segment, the client margins which are required to be compulsorily collected by brokers include initial margin, exposure

margin/extreme loss margin, calendar spread margin and mark to market settlements.

- Selling (delivery) is allowed to the extent of holding stocks or un- settled purchase position with BROKER. In case, sell from Outside DP, it is the sole discretion of (Name of the Stock Broker).

- Risk Management Section performs a real time monitoring of carry forward and intraday position of the client
- A client's position across all segments and stock exchanges is considered by Risk Management Team while controlling the exposure of the client.
- If purchases are carried to the next day by the client, branches / authorized person (herein after referred to as branch / AP) must collect cheque from the concerned clients covering the relative debit raised in the client account. If payment is not forthcoming, Branch / AP should pursue with the client for payment as early as possible. In any case, if debit is not reduced by the client either by payment or by sale of securities, then position need to square off to reduce the debit within stipulated time period which is presently 5 days and till that time, no further exposure shall be allowed to client.
- No trade will be allowed in physical scrip in cash segment and in banned securities other than square up trades in F&O segment.
- It is to be ensured that client's ledger is periodically settled monthly or quarterly as opted by the client but between two settlements the time gap should not be more than 90 days and proper authorization for the same is obtained from the client.

III. COLLECTION OF MARGINS: (to be elaborated as per actual RMS of the respective stock broker)

The margin is collected through funds or approved securities.

Funds: The clear balance available in the client's ledger account.

Approved Securities: Only approved securities notified by the stock exchanges and circularized by (Name of the Stock broker) shall be accepted from the clients as margin.

IV. RECOVERY OF MTM LOSS:

MTM loss would be collected from the client on T+1 basis. On the client's failure to put in additional margin to make good the MTM loss, it is imperative that the relative F&O position may be squared off even before margin short collection positions are uploaded to NSE/BSE.

V. INTIMATION OF F&O/CDS MARGIN SHORTFALL POSITIONS:

Clients will be intimated through e-mail/SMS for their margin shortfall and their failing to meet the Margin Shortfall will attract penal action. If MTM losses reach 80% of the deposit at any point of time, RMS may take a suitable action or even square up the open position may be before above stipulates days.

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VI. REFUSAL OF ORDER FOR ILLIQUID CONTRACTS:

In case of F&O segment, by default all Option contracts beyond the three Month will not have any buy and sell limit due to its illiquid nature. However, in all above cases if client wishes to trade in these contracts, then the client needs to coordinate with the respective branch / AP, and the limit will be set by Head Office after analyzing the requirement.

Setting user (Dealer) limits:

User limit is created in such a manner that a definite barrier is created against execution of any unduly large value orders on the trading terminal, either intentionally or inadvertently and at the same time there are no operational hurdles for genuine orders to put through. Every dealer has to adhere to (Name of the Stock Broker)'s Dealing Policy.

VII. FUNDS PAY-IN FROM CLIENTS:

The client can meet the obligation by three ways.

i. By paying cheque - On receipt of cheque from the client the details of the cheque are entered into by the branch / AP in specially designed software along with scan copy of the cheque. After checking thoroughly, by the appropriate authority, credit is allowed.

ii. By Transferring Funds:
   a. Directly from Client's Bank - Proper documentation to prove the transfer of funds from client's registered Bank account need to be provided.
   b. Through log-in in our portal – Adequate control is there to restrict from third party transfer.

VIII. FUNDS PAYOUT TO CLIENTS:

Routine Payouts are made to the clients against their specific requests by client or branch / AP on behalf of the client after verifying their settlement and margin obligations. On receipt of Requisition Request from the branch / AP or clients through portal, position in client account and settlement and margin obligations are verified by risk management team who forward the matter to Finance & Accounts Section for Payment through NEFT/RTGS. In case NEFT / RTGS fails, payment is made through account payee cheques.

IX. OTHER RISK RELATED ISSUES:

Stock Brokers are subjected to monitory penalties / structures for committing any violations of the rules and regulations, notifications, guidelines, instructions etc., issued by SEBI or the Central Govt. or the Exchanges. Each Stock Broker, therefore, carries certain risks in the area of compliance. There are number of instructions which a Stock Broker should comply every day. Important issues which on violation attract strict penalty are indicated below:

- Non-preservation of all records for 5 years. Certain records are required to be retained for 8 years to meet the requirements under Anti Money Laundering Act.
- Failure to comply strict adherence to KYC norms at the time of opening of Demat and Trading Account of clients.
- Failure to exercise proper due diligence for verification of all client details regarding bank accounts details, in-person verifications, proper execution of member constituent agreement, issue of risk disclosure document etc.
- Failure to issue statement of accounts for funds and for securities to the clients.
- Failure to take redressal measures on customer grievances on being directed by SEBI or the Exchanges within the stipulated time period.
- Doing business for defaulting clients.
- Failure to exercise proper watch in newly opened account leading to suspicious transactions not having any bearing on the financial status of the client.

➢ We have put in suitable measures to maintain high standard of work so that the relative guidelines are strictly complied with by the concerned staff. With majority of the functions being centralized at Head Office, there is constant monitoring of the quality of work. The quality of compliance by our branches / Aps is also supervised through periodical inspection of the branches / APs. Remedial measures are initiated immediately on detection of shortcomings.

➢ On opening of Demat / Trading Account the client should be issued a suitable letter from Head Office drawing his / her attention to the client's rights and obligations and the need to discharge such obligations on being intimated by (Name of the broker). Such letters will be mailed by Head Office directly to the client's registered address.

➢ The system of checking by Internal Auditor has to be strengthened in regard to verifying that at all levels (branches as well as Head Office), there is due diligence in opening of accounts, complying with KYC requirements, in ensuring with systems safety in complying with the client instructions, manner of uploading client instructions, verifying client signatures and in maintaining client records etc.

➢ Contract notes are to be generated digitally and e-mailed to clients within the stipulated 24 hours.

Risk of News Announcements:

Issuers make news announcements that may impact the price of the securities / contracts. These announcements may occur during trading, and when combined with lower liquidity and higher volatility, may suddenly cause an unexpected positive or negative movement in the price of the security / contract.

Risk of Rumours:
Rumours about companies at times float in the market through word of mouth, newspapers, websites or news agencies, etc. The clients should be wary of and should desist from acting on rumours.

Systemic Risk:
High volume trading will frequently occur at the market opening and before market close. Such high volumes may also occur at any point in the day. These may cause delays in order execution or confirmation. During periods of volatility, on account of market participants continuously modifying their order quantity or prices or placing fresh orders, there may be delays in order execution and its confirmations. Under certain market conditions, it may be difficult or impossible to liquidate a position in the market at a reasonable price or at all, when there are no outstanding orders either on the buy side or the sell side, or if trading is halted in a security/ contract due to any action on account of unusual trading activity or stock hitting circuit filters or for any other reason.

System/Network Congestion:
Trading on NSE/BSE is in electronic mode, based on satellite/leased line-based communications, combination of technologies and computer systems to place and route orders. Thus, there exists a possibility of communication failure or system problems or slow or delayed response from system or trading halt, or any such other problem/glitch whereby not being able to establish access to the trading system/network, which may be beyond the control of and may result in delay in processing or not processing buy or sell orders either in part or in full. Clients are cautioned to note that although these problems may be temporary in nature, clients having outstanding open positions or unexecuted orders, these represent a risk because of their obligations to settle all executed transactions.

As far as Futures and Options segment and Currency Derivatives Segment are concerned, Client shall get acquainted with the following additional features: -

Effect of “Leverage” or “Gearing”
The amount of margin is small in relation to the value of the derivatives contract, so the transactions are ‘leveraged’ or ‘geared’. Derivatives trading, which is conducted with a relatively small margin, provides the possibility of great profit or loss in comparison with the principal investment amount. But transactions in derivatives carry a high degree of risk.

Therefore, the client should completely understand the following statements before

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trading in derivatives trading and also trade with caution while taking into account one's circumstances, financial resources, etc. If the prices move adversely to the position of the client, then the client may lose a part of our whole margin equivalent to the principal investment amount in a relatively short period of time. Moreover, the loss may exceed the original margin amount.

Futures trading involves daily mark to market settlement of all positions. Every day the open positions are marked to market based on the closing level of the index / F&O Contract / Currency Derivatives Contract. Based on the movement of the index / price of underlying client will be required to deposit the amount of loss (notional) resulting from such movement. This margin will have to be paid within a stipulated time frame, before commencement of trading next day.

If client fails to deposit the additional margin by the deadline or if an outstanding debt occurs in client's account, (Name of the Stock Broker) may liquidate a part of or the whole position or substitute securities. In this case, Client will be liable for any losses incurred due to such close-outs.

Under certain market conditions, an investor may find it difficult or impossible to execute transactions. For example, this situation can o¢:cur due to factors such as illiquidity, i.e., when there are insufficient bids or offers or suspension of trading due to price limit or circuit breakers etc.

In order to maintain market stability, the following steps may be adopted: changes in the margin rate, increases in the cash margin rate or others. These new measures may also be applied to existing open interests. In such conditions, clients will be required to put up additional margins or reduce positions. Client must ask (Name of the Stock Broker) to provide the full details of the derivatives contracts which he / she / it plans to trade i.e. the contract specifications and the associated obligations.

Risk of Option holders

An option holder runs the risk of losing the entire amount paid for the option in a relatively short period of time. This risk reflects the nature of an option as a wasting asset which becomes worthless when it expires. An option holder who neither sells his option in the secondary market nor exercises it prior to its expiration will necessarily lose his entire investment in the option. If the price of the underlying does not change in the anticipated direction before the option expires to an extent sufficient to cover the cost of the option, the investor may lose all or a significant pal of his investment in the option.

The Exchange may impose exercise restrictions and have absolute authority to restrict the exercise of options at certain times in specified circumstances.

In case of close out, STT applicable for in the money contracts is substantially more than the normal trading / square off trades. Hence, amongst others, the clients need to monitor their positions especially on expiry day and square off their in the money contracts before the closure of the market.

Risks of Option Writers

If the price movement of the underlying is not in the anticipated direction, the option writer runs the risk of losing substantial amount.

The risk of being an option writer may be reduced by the purchase of other options on the same underlying interest and thereby assuming a spread position or by acquiring other types of hedging positions in the options markets or other markets. However, even where the writer has assumed a spread or other hedging position, the risks may still be significant. A spread Position is not necessarily less risky than a simple 'long' or 'short' position.

Currency specific risks

The profit or loss in transactions in foreign currency-denominated contracts. Whether they are traded in own or another jurisdiction, will be affected by fluctuations in currency rates where there is a need to convert from the currency denomination of the contract to another currency.

Under certain market conditions, Client may find it difficult or impossible to liquidate a position. This can occur, for example when the currency is deregulated of fixed trading bands are widened.

Currency prices are highly volatile. Price movements for currencies are influenced by, among other things: Changing supply-demand relationships; trade, fiscal, monetary, exchange control programs and policies of governments; foreign political and economic events and policies; changes in national and international interest rates and inflation; currency devaluation and sentiment of the marketplace. None of these factors can be controlled by any individual advisor and no assurance can be given that an advisor s advice will result in profitable trades for a participating customer or that a customer will not incur losses from such events.

X. POLICY ON TREATMENT OF INACTIVE TRADING ACCOUNTS:

(Brief about the Inactive Account Policy to be mentioned here as a part of Risk Management Policy)

XI. COMMUNICATION:

The client shall be aware about his position, outstanding balance and Risk. (Name of the broker) is under no legal obligation to send any separate communication other than as required under SEBI / Exchange guidelines about the Risk and the possible actions, which may follow. The communication would generally be through SMS / Email on contact details registered with (Name of the broker).

XII. DISCLAIMER:

Management will have a discretion to alter/change any of Exposure limit, selling parameter defined in this policy on the basis of prevailing market conditions with or without prior intimation and can use their discretion to grant any kind of exemption/permission in case they deem fit on case to case basis.

XIII. CLARIFICATION/INFORMATION:

In case of any clarification/information required on the implementation of the Policy, please contact the Risk Head / Compliance Officer on Email – fortufusionstockbroking@gmail.com Tel No. +91-9887791222.

XIV. REVIEW:

The said policy shall be reviewed by the Board of the Directors on a yearly basis or as and when any update comes change in the Relevant Regulation/Circular comes or any change in the **Fortufusion Stock Broking Services LLP.**' s internal control or Structure.

The Compliance officer has the authority to give directions to undertake additions, changes, and modifications, etc. to this Policy, and the same shall be effective per the authority of the Compliance Officer and thereafter be ratified by the Board of the Directors at its next review.

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SACHIN SOGANI

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