

UNITED SHARE BROKERS LIMITED

POLICY ON SETTING OF LIMITS FOR TERMINALS

Objective:

To pre- define limits for each terminal and monitor the same on a continuous basis.

Reference Circulars:

Regulator	Circular reference No.	Date of Circular
NSE	NSE/COMP/21990	23 rd October, 2012
NSE	NSE/COMP/21991	23 rd October, 2012
NSE	NSE/COMP/21992	23 rd October, 2012

Background:

Trading Terminals are allotted to Members by exchanges. These terminals enable members to place, modify and execute orders on behalf of clients. There may be instances where due to punching error unusual orders may be placed at high prices which might lead to execution of unrealistic orders or orders being executed at unrealistic prices. In cases where the order/price of such orders is high, it might lead to huge losses to broker. In order to avoid such a situation it is imperative that certain limits are prescribed for each terminal allotted to member broker.

Scope of the Policy:

This policy covers the procedure and checks in place for allotting limits to each terminals.

Defining of Limits:

The following limits shall be defined for each terminal:

- ✓ Quantity Limit for each order
- ✓ Value Limit for each order
- ✓ User value limit for each user ID

- ✓ User quantity limit for each user ID
- ✓ Branch value limit for each Branch ID
- ✓ Spread Order Quantity and Value Limit (Derivatives & Currency Derivatives segment)
- ✓ Market Price Protection Percentage

Procedure for setting of Limits:

United Share Brokers Limited follows the practice of setting of limits at each level namely Admin, Branch Manager, and Dealer. The limits have been set each level are reviewing the historical data of peak utilization at respective levels. Limits are reviewed on a regular basis and if required revised post consultation of Branch head and Risk Manager during the day. The Limits utilization are continuously monitored during the day. Any request of upward revision in limits by dealer is done post receipt of specific consent of Team Leader/Branch Head and after necessary risk assessment.

Checks in place:

- ✓ Limits of terminals will be defined and reassigned on daily basis only after analyzing past trading history and assessment of risk.
- ✓ Terminals limits will be set up by the Front Office official designated at Corporate Office.
- ✓ Direct terminals will be allotted on exceptional basis only.
- ✓ No user/ branch will be provided unlimited limit.

Review of process and maintenance of records

The Risk Management team at Corporate Office shall be responsible for maintenance of records as prescribed by regulators and demonstrating the adequacy of system to auditors and exchanges. The process of setting of limits shall be reviewed on a quarterly basis by a Internal auditor and/or Branch Head and a certificate to the said effect shall be issued by them. The Compliance Officer may review the process on test check basis and based on the report and confirmation of auditors, the Compliance officer shall issue a certificate to the exchange on quarterly basis.