
CNB FINWIZ PRIVATE LIMITED

RISK MANAGEMENT POLICY

CNB FINWIZ PRIVATE LIMITED is a member of the BSE Limited (BSE), National Stock Exchange of India Limited (NSE), Multi Commodity Exchange (MCX), and Depositories Participant of CDSL and is registered with SEBI as a Stock Broker with SEBI Registration Number INZ000204238.

As per the Stock Broking Operations, client trade with CNB FINWIZ PRIVATE LIMITED. To manage the risk of such trading and to comply with the requirements of Market regulator and stock exchanges and as a good practice, the following Risk Management Policy is being issued for the knowledge and information to the clients, employees, Authorized Persons and other stakeholders of CNB FINWIZ PRIVATE LIMITED.

CNB has a risk management team comprising of trained personnel who understand the risk associated with working in the securities market. They may undertake scenario analysis to extrapolate the circumstances and expected losses in more robust and dynamic trading environment and accordingly update the CRO.

1. Risk Officer

Mr. Shyam Sunder, Head operation is designated as the Chief Risk Officer (CRO) of CNB FINWIZ PRIVATE LIMITED. All decision relating to risk matters will be taken by CRO.

2. Limits setting -Offline/online business (CM ,F&O ,CDS, SLBS)

Clients trading limits will be set according to Exposure rules of CNB based on client's margin available with CNB. Where the limit is breached, clients will not be permitted to take additional exposure by the system.

All online business is carried through the software provided by 63 Moons Ltd (ODIN) and XTS Software provided by Symphony Fintech. Currently, CNB FINWIZ PRIVATE LIMITED does not have any policy of auto square-off (timer based) of the clients positions, and the positions have to be squared-off by the clients as per their requirements.

3. Margin requirement

The client shall pay applicable initial margins, VAR margins, special margins or such other margins as considered necessary by CNB or the Exchange or as may be directed by SEBI from time to time as applicable to the segment in which the client trades. CNB is permitted in its sole and absolute discretion to collect additional margins (even though not required by Exchange,

Clearing corporation or SEBI) and client shall be obliged to pay such margins failing which the position of the client is liable to be squared-off at the sole discretion of CNB.

4. Liquidation of Securities in case of Non fulfillment of client's Funds Obligation

If the client is not able to fulfill its funds obligations, then CNB can disposed-off such unpaid securities in the market within 5 Trading days from the date of payout. Further, as per SEBI Guidelines, CNB will give an intimation to clients one trading day before such sales.

5. Non-payment of pay-in obligations/ dues

Where the client is in debit they shall not be allowed to take further exposure.

The positions of the client may be squared off/Close out by RMS without giving any notice due to shortage of margin/non making of payment for their pay-in obligation/outstanding debts.

In case of account still being in debit, notice to be issued and thereafter arbitration to be filed.

6. Transfer of Securities

In cases where:

- Where securities are fully paid on the settlement day of that transaction, securities will be transferred to demat account of client.
- In cases where, client's financial balance is Debit, securities shall be credited in the demat account of unpaid client and simultaneously an auto pledge instruction will be setup from demat account of unpaid client in favor of the corresponding "**Client Unpaid Securities Pledge Account**" (CUSPA) maintained by CNB FINWIZ PRIVATE LIMITED. Hence, such unpaid securities will be reflected under 'Pledge' balance in the demat account of unpaid client and 'Pledgee' balance will be reflected in CUSPA.

7. Dealing with Custodial clients

Custodial clients are generally high net worth individuals, corporate entities and foreign investors trading through their own clearing member and keeping their funds and securities with the custodial for safekeeping.

The trades of these clients are cleared in real time by the clearing member leaving very limited risk with the execution broker. These clients offer limited risk exposure and are therefore considered very safe.

The company intends to promote taking on board more such clients.

8. Dealing with Internal Shortage of Securities

In case where

- There is an internal shortage of securities from Pro to client and Client to Client then CNB Finwiz Private Limited has discretion at their end to participate in voluntary auction of a particular script in exchange, and the Auction consideration value (inclusive of all statutory taxes, expenses and levies) is debited to the short delivering seller client as provided by exchange.
- If a voluntary auction file gets rejected by the exchange on a settlement day due to any reason, then we (Stock broker) will not be liable to deliver any securities.
- In case of rejection of the voluntary auction file by the exchange then CNB Finwiz buy securities in the seller account (Pro or Client) and delivers it to the buyer account (Pro or Client) on a settlement date.

9. Policy for Penny stocks

The stocks which are appearing in the list of illiquid securities issued by exchange or any stocks decided by CNB to be illiquid, these stocks are generally considered to be highly speculative and high risk because of their lack of liquidity, high bid-ask spread, small capitalization. Depending upon market conditions, CNB reserved rights to refuse trade in such stocks. Any losses arise due to refusal of trade in such stocks is not the responsibility of CNB.

10. De-registering client

CNB may at its absolute discretion decides to de-register a particular client if found that:

- SEBI or other regulative body has passed any order against, prohibiting such client to participate in financial market.
- Enforcement agency ordered against, in case of market manipulation or insider trading or any other case involving violation of any law, regulation, guidelines or circular governing financial market.
- Client account has been lying dormant for the long time or the client is not traceable.
- Client account declared insolvent or any legal proceeding to declare as insolvent, has been initiated.

11. Facility for Clients to Voluntarily Freeze/Block Online Access to Trading Accounts

As per SEBI Circular No. SEBI/HO/MIRSD/POD-1/P/CIR/2024/4 dated January 12, 2024, CNB Finwiz Private Limited provides its clients with the facility to voluntarily freeze/block online access to their trading accounts in the event of suspicious activities.

The process is as follows:

1. CNB Finwiz offers two modes for clients to request instant freezing/blocking of online access to their trading accounts:

- Email: Stoptrade@cnbfinwiz.com
- Phone Number: 0120-41579391.

2. Upon receiving a request through either mode, CNB Finwiz will:

- a) Validate that the request comes from the client's registered mobile number or email ID.
- b) Follow any additional processes as prescribed by the Exchange(s) in consultation with SEBI from time to time.
- c) Adhere to the following timelines for acknowledging the request and freezing/blocking online access:

Scenario	Timelines for issuing acknowledgement as well as freezing blocking of the online access of the trading account.
Request received during the trading hours*and within 15 minutes before the start of trading.	Within 15 minutes**
Request received after the trading hours and 15 minutes before the start of trading.	Before the start of next trading Session

* Trading hours for Cash Market, Future and Option segments 9.15 am to 3.30 pm

* Currency Derivative segments 9.00 am to 5.00 pm and Commodity segments 9.00 am to 11.30 pm.

** To begin with, the time limit of 15 minutes is being specified for the purpose of issuing acknowledgement as well as freezing/blocking of the online access of the trading account.

- d. After freezing/blocking the client's trading account, CNB Finwiz will inform the client via their registered mobile number and email ID. This communication will confirm that online access has been frozen/blocked and any pending orders have been canceled. The process for re-enabling access will also be provided.
- e. Within one hour of freezing/blocking the account, CNB Finwiz will inform the client of any open positions and contract expiry information to eliminate the risk of unwanted delivery settlement.

3. CNB Finwiz will maintain appropriate records/logs, including requests to freeze/block online access, confirmations of freezing/blocking, and cancellation of pending orders sent to clients.
4. In case CNB Finwiz fails to freeze/block online access within the prescribed timelines (15 minutes in case the request is received during the trading hours and within 15 minutes before the start of trading / Before the start of the next trading session in case the request is received after the trading hours and 15 minutes before the start of the trading), CNB Finwiz will be responsible for any trades executed from the time of receipt of such request till such time the online access is blocked / frozen.
5. **Re-enabling the client for online access of the trading account**: - CNB Finwiz will re-enable the online access of trading account after carrying out necessary due diligence, including validating the client's request and unfreezing / unblocking the online access of the trading account.
6. Additional information:
 - a) Freezing/blocking only applies to the online access of the client's trading account and does not restrict CNB Finwiz's Risk Management activities.
 - b) The request to freeze/block does not constitute a request to mark the client's Unique Client Code (UCC) as inactive in the Exchange records.

12. Passing on of Penalties for Short/Non-Collection of Upfront Margins

In accordance with Exchange circular NSE/INSP/64315 dated October 01, 2024, CNB Finwiz can pass on penalties levied by clearing corporations for the short or non-collection of upfront margins to clients under the following circumstances:

- Cheque issued by client to member is dishonoured.
- Increase in margins on account of change in hedge position by client/ expiry of some leg(s) of the hedge positions of the clients.

For, CNB Finwiz Private Limited

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Paras Sharma

Compliance Officer

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