



Centrum Finverse Limited

RISK POLICY

Version: 1.0

(Client version)

Item	DESCRIPTION
Document Title	Risk Policy
Document Owner	Head – Risk
Document Code	Risk Policy
Document Classification	Website Version for Client
Document Author	Geeta Khapre

Document Revision Record (Change History – Created/Modified/Reviewed)

Version	Change History	Name (by)	Date	Remarks
1.0	Created	Geeta Khapre	25.07.2025	

Document Reviewed Record History

Version	Change History	Name (by)	Date	Remarks
1.0	Reviewed	Rohit Jain – CFO	14.08.2025	
1.0	Reviewed	Rahul Shah - Head Operation & Risk	21.08.2025	
1.0	Reviewed	Sandeep Nayak - Director	29.08.2025	

Document Approval History

Version	Approved (by)	Date	Signature/ Email / Meeting	Remarks
1.0	Board of CFL			

Centrum Finverse Limited

Risk Policy

The following document describes the risk management policy followed by Centrum Finverse limited (Hereinafter referred as “CFL”).

1. Introduction

Risk management is a structured approach to identifying, analyzing, monitoring, and mitigating risks associated with financial assets. Constant endeavors are made on our part to identify the potential risk and take adequate steps to mitigate them.

This document serves to enhance customer understanding of the risk policy of CFL.

2. Trading Limits & Other RMS Criteria

Client's Exposures Limits:

Exposures and margins shall be regularly monitored by the company for all clients. Each client also needs to constantly monitor his/her positions, margins etc. and it shall be the Client's responsibility to maintain adequate margins against exposures taken / proposed to be taken. Exposure limits shall be made available to clients based on collateral available.

Exposure limits are dynamic throughout the day and are constantly adjusted for MTM profits / losses, market conditions, individual security exposure caps and all other factors affecting risk to security prices, collateral and liquidity;

CFL may change the procedure for exposure allocation depending upon the market conditions and change in internal policies. The same may be put up / updated on the website regularly.

Limit against receipt of funds

Limits for online fund transfer receipts through CFL portal shall be given post receipt of the funds. Limits against deposit of cheques or RTGS /NEFT/IMPS are given based on credit received in the bank only.

Margin is calculated at the Beginning of the Day (BOD) as below:

Available margin = Clear ledger balances as on T date (NSE, BSE, CD)
+ Value of pledge stock after appropriate CFL haircut
- Margin utilized on open positions

- For availing/maintaining exposure, client needs to have sufficient margins at all point in times.
- Margins can be in the form of funds and/or pledge of approved securities accepted by CFL after applying appropriate haircuts.
- "Approved Securities" is the list of securities that CFL Accepts as collateral. Typically, the list is revised on a monthly basis, but maybe modified anytime at the sole discretion of CFL based on market volatility, any material impact on price or volatility of any security. The haircut on securities for valuation shall be defined by CFL and typically varies from 10%-100%.
- To provide collateral in the form of securities as margin, clients are required to pledge securities in favor of CFL's Margin Pledge account. CFL may re-pledge the same to the Clearing Corporation.

Note

- Limit against stocks sold from their DP account will be available only after the early pay-in of such shares are effected to the exchange(s) up to the extent of 80% of sell value (Though exchange has notified to provide 100% EPI benefit towards Peak Margin obligation, there is no change in EOD margin reporting wherein EPI value is to be considered as 80%)
- Unrealized profits will not be considered for trading limits at the same time unrealized loss will be deducted from the available limit

Other RMS criteria

- Trading in scrips other than A, B series of BSE and EQ series of NSE segment is blocked in the system. Allowing of trades in any other scrips will be at the sole discretion of CFL RMS.
- GSM/ASM (Z, ZP, BZ) scrips are also blocked by the system. Wherever GSM/ASM/ASD is applicable, despite client having funds buying is not allowed.
- The client shall not take any fresh positions in F&O scrips which are in Ban Period (where incremental exposure is disallowed by the exchange). Only square off trades shall be permitted in such underlying.
- Maximum single order transaction quantity, lots and value across cash and derivatives segment shall be defined by CFL RMS which is a subset of exchange allowed permitted limits.
- Fresh position in Derivatives Current month series on expiry day are blocked by the system, only square off orders are allowed.

Physical Delivery in Derivative Segment

All the scrips traded in Derivative segment are physically settled. In the monthly expiry week, additional margins are charged by the exchange daily on an incremental basis which needs to be maintained by the client.

3. Margin collection and requirements

- Margin requirement would be as defined by CFL RMS based on various rules and regulations of the concerned Stock Exchange.
- The margin can be demanded by the CFL in the form of cash and/or securities as deemed fit by CFL RMS.
- CFL may impose haircut on the securities at its own discretion which may be more than what is prescribed by the stock exchanges.
- Any shortfall in margin needs to be topped up by the client on a real time basis failing which CFL reserves the right to liquidate client position for failure to top up margin.
- In volatile market conditions, CFL may insist up to 100% of margin to be paid in cash and may not consider the value of securities for the purpose of calculating margin shortfall and may close the position in case of short fall.
- Funds may be due from clients towards stock purchases, trading losses, MTM Loss on open positions, Premium on buying options, margins against outstanding positions, past dues, charges etc. from time to time. Failure to pay dues may result in square off of the position.
- All amounts billed against securities traded on the exchange are overdue if funds are not received in CFL's account before the settlement time/date as per the settlement calendar published by the stock exchanges.
- Failure of clients to remit money on time towards settlement may trigger square up action as per the square off policy.
- All amounts billed towards charges including DP charges, Annual Maintenance charges, Delayed Payment charges, auctions, penalties, any other fees etc. are due when billed.
- All Ad-hoc margins charged by the exchange are payable by the client, failing which the position may be squared off.
- Short/non-collection of upfront margins shall be passed on to client if short/non collection of upfront margin is on account of following reasons attributable to client:
 - I. Cheque issued by client to CFL is dishonored
 - II. Increase in margins on account of change in hedge position by client/ expiry of some leg(s) of the hedge positions of the clients.
 - III. MTM loss not paid by client by T+1
 - IV. Delivery Margin & additional margin not paid by client.

- SEBI has mandated 50% of the effective deposits need to be in the form of cash when using non-cash (pledged securities) collateral toward margin obligations. Client will be charged interest for shortage on non -maintenance of 50:50 % ratio (cash-non cash)

4. Risk Square off policy

The Client shall ensure that before trading adequate upfront margins are maintained with the CFL against exposures taken / proposed to be taken. In case there is a shortfall in margin through pledge & re-pledge mechanism or other methods of funding the shortfall of collaterals, CFL shall make an earnest attempt to contact the customer over phone or any other means before initiating any close out of positions, however it is the Client's responsibility to ensure adequacy of margins failing which CFL shall, at its discretion, execute the closeout of positions as it deems fit.

Closing out of positions may include positions initiated during the trading session/ day, positions carried forward from previous days/ sessions and liquidation of collateral / securities held by the Client with CFL (that may / may not be kept with the exchange) and liquidation against any pending payout obligations expected from the exchange on account of previous transactions. CFL, shall at its discretion, execute such close outs in any order of priority it deems fit to bring back margin adequacy for residual exposures.

In case of in-the-money long stock options (including potential in-the-money options), sufficient delivery margin needs to be maintained as required by the exchange/CFL RMS, failing which CFL reserves its right to liquidate the open position/collaterals to top up margins.

Daily Ageing Square off (T+5 square off)

It is the customer's obligation to clear ledger debit balances in T+1 day (i.e. on settlement day) where in T is the transaction/trading day. If there is a failure on part of the customer to clear the ledger debit then CFL will liquidate the stock upon ageing of the ledger debit beyond T+5 days . The stock will be sold from customers' accounts on T+6 days after the ledger debit.

Any shortfall in margin needs to be topped up by the client on a real time basis failing which CFL reserves the right to liquidate client position for failure to top up margin.

CUSPA Square-off

CUSPA stands for Client Unpaid Securities Pledge Account, and is used by brokers (like Centrum Broking Ltd) to hold securities that are not fully paid for by the client on the settlement date.

This framework was introduced by SEBI to prevent misuse of client securities and bring transparency in broker-client settlements.

As per SEBI circular SEBI/HO/MIRSD/DOP/CIR/P/2019/75 dated June 20, 2019:

Securities can be held in CUSPA for up to T+5, If the client still hasn't paid by T+6, the broker must liquidate the unpaid securities to recover dues.

All unpaid client securities as on T+1 settlement will be moved to the Client Unpaid Securities Pledge Account (CUSPA).

Securities will remain pledged in this account until the client pays for them (T+1 to T+5).

If no payment is received by T+6, CFL will initiate sale of the unpaid securities to recover dues, as per SEBI regulations.

Appropriate communication to client regarding unpaid dues and potential liquidation will be made before T+6.

MTM Square off

CFL reserves the right to square-off all intraday positions (cash as well as derivatives) and carry forward derivatives trades, where MTM losses crosses 50% of available margin. The customers will be alerted on a best effort basis, however, given the market volatility, sending an alert may or may not be possible and therefore should not be mis-construed as an obligation of CFL. The position will be reduced and the customer will be liable for any losses on any square-off done by CFL RMS. All pending orders of the customer will be cancelled. To avoid any losses and mitigate risk, CFL reserves right to change the square-off cutoff - based on market situation, product category, scrip category, client category, collateral stock category changes, exchange notifications & guidelines and other variable factor.

If the client falls in any kind Risk Reduction Mode, the system will carry on liquidation of positions and/or holdings. Further the client access for trading will be blocked for the day. All pending orders of the client will be cancelled. Release of system for further trading for the client would be done on discretion by Risk Team.

The RMS Team, including the Head - Risk, shall be fully responsible as the first line of defence for understanding, implementing and enforcing the Risk Management Policy and Risk Management SOPs, including liquidation triggers in cases of margin shortfall or erosion, as approved by the Board.

5. CFL RMS Discretion in Exceptional Circumstances

In exceptional circumstances (in the opinion of CFL RMS) CFL retains the right to liquidate positions, and is empowered to override any existing liquidation policies within the overall regulatory framework.

Client is bound by the risk policy updated by CFL on its website <https://centrumbroking.com> from time to time.

Disclaimer; The above guidelines are to be considered as broadly indicative and subject to changes at its sole discretion without any notifications and assigning reasons in line with the changes in market environment as may be perceived by CFL. No claims on basis of the above guidelines by any party will be entertained and CFL is fully entitled to make variations in allowing limits towards credit and exposures and square off / liquidate the collaterals in case of any default by the parties.

Margin Trading Funding (MTF) Risk Policy

Margin

The margin payable by the client to the CFL shall be in the form of cash or CFL approved stocks, with appropriate CFL specified haircut.

In order to avail margin trading facility, margin required shall be as defined by CFL RMS from time to time which will vary from 25% to 100% as per scrip category defined by CFL RMS.

Note:

1. MTF facility will be extended to scrips only as per CFL RMS prescribed approved list.
2. Once the client has opted for the facility, all the trades which are eligible for MTF may be funded at the sole discretion of CFL RMS.
3. All upfront clear margins have to be in client's ledger in terms of Cash & approved collaterals in case of securities previous day before 3.30 p.m. to avail MTF for cash transaction to be executed on the following day.

Square off policy

The Client shall ensure that before trading adequate upfront margins are maintained with the CFL against exposures taken / proposed to be taken. In case there is a shortfall in margin, through pledge mechanism or other methods of funding the shortfall of collaterals, CFL shall make an earnest attempt to contact the customer over phone or any other means before initiating any close out of positions, however it is the Client's responsibility to ensure adequacy of margins failing which CFL shall, at its discretion, execute the closeout of positions as it deems fit.

Closing out of positions may include positions initiated during the trading session/ day, positions carried forward from previous days/ sessions and liquidation of collateral / securities held by the Client with CFL (that may / may not be kept with the exchange) and liquidation against any pending payout obligations expected from the exchange on account of previous transactions. CFL, shall at its discretion, execute such close outs in any order of priority it deems fit to bring back margin adequacy for residual exposures.

Any shortfall in margin needs to be topped up by the client on a real time basis failing which CFL reserves the right to liquidate client position for failure to top up margin.

CFL RMS Discretion in Exceptional Circumstances

In exceptional circumstances (in the opinion of CFL RMS) CFL retains the right to liquidate positions, and is empowered to override any existing liquidation policies within the overall regulatory framework.

Risk Disclosure Document:

As per the standard prescribed by NSE/BSE we have covered all the general trading related risks in the Risk Disclosure document (RDD). The RDD intends to protect investors by creating awareness for risks to the clients.

The client is required to read and understand the disclosures contained in the RDD, which highlight the risks involved in securities trading, including derivatives.

Trading facility is activated only after the client provides acknowledgement (physical/digital/e-sign) confirming that he/she has received, read, and understood the RDD and is aware of the risks associated with trading.

Updation of Risk Policy from time to time

Client is bound by the risk policy updated by CFL on its website <https://centrumbroking.com> from time to time.

Disclaimer; The above guidelines are to be considered as broadly indicative and subject to changes at its sole discretion without any notifications and assigning reasons in line with the changes in market environment as may be perceived by CFL. No claims on basis of the above guidelines by any party will be entertained and CFL is fully entitled to make variations in allowing limits towards credit and exposures and square off / liquidate the collaterals in case of any default by the parties.

CENTRUM FINVERSE LIMITED

Policy on Facility of voluntary freezing of Trading Accounts by Clients

Version: 1

Private & Confidential

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Preamble:

This policy outlines the procedures for voluntary freezing of trading accounts for clients of Centrum Finverse limited (hereinafter referred to as CFL) in accordance with SEBI & Exchange Circulars.

Background:

This policy aims to guide CFL clients on the process, modes, timelines, and other details for facilitating the voluntary freezing of their trading accounts upon noticing any suspicious activity.

Process of freezing

To freeze your account, you can either send an email to our dedicated email id stoptrade@centrum.co.in or call our toll free number 1800 123 313 131. Upon receiving your request, your account will be frozen as per below scenario.

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

The representative will verify the client identification by seeking certain information to ensure the request is received from registered client only.

Process of unfreezing

You can call on our dedicated toll free number at 1800 123 313 131 to unfreeze your account. It will take up to 1 hour to process the request.

Client Do's and Don'ts

Dos:

Close Open Positions: Ensure all open positions are closed before requesting to freeze the account.

- Notify Freeze Request:** Contact customer service to freeze the account; it will be blocked within 15 minutes.
- Handle Pending Orders:** Client to ensure all pending orders shall be cancelled before requesting for freezing
- Position Details:** Please take care of your open positions and contract expiry.
- Close Open Positions:** Call 1800 123 313 131 if you have open/pending positions to close or cancel respectively.

Don'ts:

1. **New SIPs:** Please ensure not to execute any fresh order or fresh SIP while the account is in frozen status.
2. **Modify Profile:** Please avoid attempting to modify your profile settings during the frozen status.
3. **Funds:** Don't add and withdraw funds during frozen status.

Disclaimer: Above policy is subject to change from time to time having regard to change in circumstances and shall be reviewed periodically in accordance with regulatory guidelines and management perception.

Circular references:

SEBI/HO/MIRSD/POD-1/P/CIR/2024/4 dated January 12, 2024
NSE/INSP/61529 dated April 08, 2024
BSE notice 20240408-12 dated 08 Apr 2024