POLICY ON LIMIT SETTING

The below mentioned policy with respect to execution of orders in the various segments of the exchange has been approved by the Board of Directors in their meeting. All the employees are required to follow the same and take due care for its implementation.

Objective:

To comply with the requirement of fixing limits with respect to the execution of order for the clients / terminals for the various infrastructure being provided by the member.

Brief about Limit Setting:

Limit setting plays an important role with respect to the operations of the broking house and considering the risk associated for inputting trades in this electronic and dynamic market conditions the member should put limits for every order, every branch, every terminals & all infrastructure that plays an important role in execution of order as may be applicable.

Limit Setting:

The trading member should fix the limit which would indicate the maximum value of transaction that can be inputted through any order. Considering the dynamic structure of the broking house, DSPL authorizes the risk manager, in consultation with the director / managing director / whole time director to decide on the limit that can be set vis a vis every client / terminal and the following limit controls are being implemented. The limits would be set for the following:

1) Quantity limit for each order & each client
2) Value limit for each order & each client
3) User value limit for each user ID
4) Branch value limit for each branch ID
5) Spread order quantity and value limit for each client & user ID.

1. Limits for all Branch & User are setup after taking into account the Capital Adequacy requirement in respective Segment/ Exchange.

2. Position Limits for each client are determined by the Risk Mgmt Department based on clients KYC & Net-worth information. These limits are set exchange-wise and segment-wise. The limits are reviewed by Risk Management Department based on the above criteria.

3. Risk Management Department has the facility to set position limits exchange-wise, segment-wise, dealer-wise, and scrip-wise. The limits are set in NSE NEAT System through 'Corporate Manager' and in BSE BOLT System through RTRMS and in CTCL Systems through Admin Terminal. The client-wise limits are set through CTCL System.

4. Dealer level limits are set based on allocation of clients to dealers. The Risk Management Department continuously monitors the various limits set by it through online risk management

software Protector and Reliable Risk Software. Risk Management Department is also monitors the exchange-wise and segment-wise exposure limits for the Company (DSPL).

5. In NNF Terminals, clients are mapped & Sales Traders/Dealers are informed about their clients. Dealers are authorized to enter orders for only mapped clients & the Surveillance Department monitors this online. The Trading Terminals are installed / activated only after complying with the regulatory requirement of the SEBI and the Stock Exchanges and after uploading the details of the Authorized User with the Exchanges.

6. The Company has a system in place wherein on weekly basis Risk Management Department verifies that the certificates of the Authorized Users have not expired or are not due to expire in near future. If any certificate is found to be nearing its expiry, the concerned user is informed about the same one month in advance so that he/she can appear in the specified exam for getting a new certificate.

7. All records of setting order/branch/user Limit is maintained by Risk Management Department. With respect to limit setting & execution of orders in the various segments of the exchange, the Board of Directors in their meeting finalized the following policy and all the employees are required to take due care for its implementation.

Reporting:

Members and employees of DSPL are requested to take utmost care while setting the limits so that no error occur

The risk management department should control that the Cumulative value of all unexecuted orders placed from every terminals is below the threshold limit set by the RMS team considering the capital adequacy of the company.