

## **RISK MANAGEMENT SYSTEM (Applicable to All Exchanges/Segments)**

### 1. Background

The Company is having its Registered Office at 163, Atlanta, Nariman Point, Mumbai 400021 and maintains strict control over trading limits of all its clients using surveillance software as well as skilled trading administrators, managers and accounts and delivery personnel.

KJMC Capital Market Services Limited is registered with the Securities and Exchange Board of India (SEBI) as:

- a. Stock Broker (SEBI Registration Number INZ000221631)
- b. Depository Participant (SEBI Registration Number IN-DP-615-2021)

In Compliance with

- a. SEBI Circular No : CIR/HO/MIRSD/DOP/CIR/P/2019/75 & 95 dated 20-Jun-2019 & 29-Aug-2019
- b. SEBI Circular No : SEBI/HO/MRD2/DCAP/CIR/P/2020/127 dated 20-Jul-2020
- c. SEBI/HO/CDMRD/CDMRD\_DRM/P/CIR/2021/689 December 16,2021
- d. SEBI/HO/MRD2/DCAP/P/CIR/2022/60 dated May10, 2022

The exposure for Cash & derivative segment will be given on the Margin amount. Margin amount is calculated after considering of ledger balances + collateral (Pledge Value after haircut) + Cash Margin. Ledger balance is maintained as per the SEBI guidelines.

Institutional orders are executed on NEAT and BOLT PLUS System. Orders of retail clients on NEAT, GREEK and ODIN done.

### **Risk Officers**

Mr. Girish Jain, director is designated as the Chief Risk Officer (CRO) of KCMSL and Mrs. Dasmita Uday Mandavkar, Ramesh Gharve and Sankara Narayanan as the Deputy Chief Risk Officer (DCRO). All decision relating to risk matters will be taken by DCRO in consultation with CRO.

The decision of the DCRO/CRO for the purpose of Risk Management shall be final in all respects.

### **Limit Setting and Margin**

On verifying Clients financial background we classify them in difference risk category. Based on the risk categorization of the clients, limits are given to them in ODIN to trade.

Limit will provide to client on basis of clear cash balance plus collaterals lying with us

MTM Loss arise during the trading day cash will be collected from client on T-Day.

### **Cash Segment**

- The Exposure will be allowed of the Margin amount available i.e. (Ledger + Collateral + Cash Margin).

No trading is permitted without Upfront Margin in Cash Segment, Initial Margin in Derivative Segment as specified by the Stock Exchange from time to time. Exchange specified list of approved securities which can be kept as collateral margin for trading.

Derivative Segment:

- The exposure will be set as one(1) time of the margin available i.e. (Ledger Bal + Cash Margin + Pledge Value after hair-cut.
- In case of shortfall in open position margin has to be collected on same day and deposited in bank on T Day.
- Any Approved shares kept in Collateral (Pledged securities) will be considered after haircut of minimum 20% and VAR percentage whichever is higher.
- For withdrawal (unpledged of securities) of Collateral, the shares pledged as collateral will be unpledged on T+1 working day

### **Restriction of further exposure on T+5 days**

For any client continuously in debit for more than 5 days, Dealing Team will follow up with client to collect dues and buying is to be stopped immediately and only sale will be permitted. As soon as the account comes in credit, further buying will be allowed.

### **Non Payment of pay-in obligations/dues**

Where the client has not clear the debit balance on and before T+3 the shares kept in CUSPA (pledged shares) will be sold compulsory after informing the client.

### **Transfer of Securities**

In cases where :

Client has provided Power of Attorney / DDPI of his demat account maintained with KJMC itself OR Where the DCRO (Directors and Chief Risk Officers) is convinced of the tract record of client OR in any situation as seen expedient by the DCRO

Securities will be transferred to the demat account of the client even if the account of the client with KJMC is in debit. KJMC shall have a lien on such securities till such time payment is received by KCMSL for the same.

In all other cases, the securities will be transferred to demat account called Client Unpaid Securities Pledge Account (CUSPA) maintained by KJMC and all regulatory directives relating to CUSPA will be followed.

Sd/-

Rajnesh Jain - Director

Director DIN 00151988

KJMC Capital Market Services Limited

The above revised policy was approved by KJMC Capital Market Services Limited at the Board meeting held on 06-Nov-2023. The Policy will be reviewed on Annual basis