RMS Policy

Kimaya Securities and Financial Services Pvt. Ltd.

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Contents

Document Control Page

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Background

A dynamic risk management policy is an essential feature of our operations and to minimize the risk of loss. These are measures and precautions that are adopted by us to minimize the risk. Any trading in stock market is subject to market risks. Various kind of market risks are communicated to client at the time of account opening through Risk Disclosure Document as prescribed by SEBI.

All our Policies are based on current market scenarios, our risk perceptions of the market and applicable SEBI and Stock Exchange regulations as applicable.

All these parameters may change from time to time based on market conditions, regulations and our decisions based on internal policies and practices.

For the purpose of this policy, Kimaya Securities and Financial Services Pvt Ltd shall be referred as Trading member or TM.

Policy

1. **Margin collection in Cash, Equity, Currency and Commodity Derivative segments**

    - Total Margin levied by the Exchange is to be given on upfront basis by Client in any segment.
    - Any additional margins including additional margin levied by the Exchanges and incremental margin levied by the TM and/ or Mark to Market Losses are to be settled by client and it will have time to provide such margins only till T+1 working day in Cash, Equity Derivatives, Currency and commodities Derivatives segment.
    - The period of 'T+1' working day has been allowed to client to provide margin taking into account the practical difficulties often faced by the client only for the purpose of levy of penalty and it should not be construed that clients have been allowed 1 day to pay margin due from them. If any client continues to have a debit balance after adjusting the margin deposit for a period exceeding 5 day from the date of settlement, then no fresh trades shall be executed for the client except squaring off the existing positions.
    - Penalty levied by clearing corporations/ Clearing Member of 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 member 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

2. **Setting up of Margin Limit in Cash, F&O, Currency and commodity derivatives segment**

    - The TM provides margin limit in F&O, Currency and Commodity segments based on availability of upfront VaR, Extreme loss margins in Cash Segment and Initial and Exposure margin in Derivatives segments in the client account in the form of ledger balance, cash collateral and non-cash collateral.
    - Value of non-cash collateral is available only after deducting applicable haircut on the securities pledged as margin.
    - Credit for sale may be available to client only if the client has a demat account with the TM and a Power of Attorney/DDPI is executed in favour of the TM to effect pay-in of securities.
    - The value of the "haircut" may be decided by the TM based on market volatility and quality of collaterals. Limit on the basis of uncleared cheques will be at discretion of the TM and shall be based on past conduct of client.

- Client-wise differential limits: The TM may levy additional margin to clients based on assessment of each client's credit risk or trading pattern risk.
- The TM's discretions on limits:
  - (i) The TM has discretion to change the limits on the basis of risk perception and other factors considered relevant (such as broker level/exchange level limits in specific securities or Income declaration or volume Specific exposures based on surveillance measures)
  - (ii) The TM may inform to the client of such variation, reduction or imposition in advance or during market hours and/or through trading system. Non receipt of information shall not construe to be an invalid action
  - (iii) The TM shall not be responsible for client's inability to execute any order on account of any such variation, reduction or imposition of limits.

3. Refusal/partial rejection of client orders

- Penny/illiquid stocks are traded at relatively low price and/or market volume. The TM shall have absolute discretion to accept, refuse or partially accept any buy or sell order for execution from a client in respect of penny stocks, illiquid stocks, stocks having low liquidity, illiquid "options", far month "options", writing of "options", and any other contracts which as per the perception of the TM are extremely volatile or subject to market manipulation.
- The TM may permit restrictive acceptance of orders in such scrips/contracts in controlled to a centralized desk at HO instead at branch level or through online trading platform.
- The TM shall not be responsible for delay in execution of such orders and consequential opportunity loss or financial loss to the client.
- The TM may take appropriate declarations from the clients before accepting such orders.
- The TM shall have the prerogative to place such restrictions, notwithstanding the fact that the client has adequate credit balance or margin available in his account and/or the client had previously purchased or sold such securities/contracts through the TM itself.
- In addition to existing Surveillance action being imposed from time to time, it may be noted that securities which are under graded surveillance measures will attract additional surveillance measures as announced by the Exchanges from time to time.

4. Right to sell clients securities or close clients' positions or invoke pledged collateral

The TM shall have the right to sell client's unpaid securities and invoke pledge on collateral received towards margins, or close out client's open positions, without giving notice to the client where there is a delay/failure of the client to the pay-in obligations and/or there is a failure of the client to bring additional margins to cover the increase in risk in the dynamic market conditions even after the margin calls.

i. **Unpaid Securities in Capital Market:**

- All the securities received in pay-out shall be transferred to the demat account of the respective clients directly from the pool account of the TM within one working day of the pay-out.
- In case of securities that have not been paid for in full by the clients (unpaid securities), such securities shall be transferred to respective client's demat account followed by creation of an auto-pledge (i.e., without any specific instruction from the client) with the reason "unpaid", in favor "client unpaid securities pledgee account", of the TM at the discretion of the TM.
- If the client fulfills its funds obligation within five trading days after the pay-out, the TM shall release the pledge so that the securities are available to the client as free balance.
- If the client does not fulfill its funds obligation, the TM shall dispose off such unpaid securities in the market within five trading days after the pay-out. The TM before disposing the securities, shall give an intimation (email / SMS) to the client, one trading day before such sale.
- Profit/loss on the sale transaction of the unpaid securities, if any, shall be transferred to/adjusted from the respective client account.

ii. **Margin shortfall in F&O, Currency and Commodity Segments:**

Positions of the client may be closed out to the extent of margin shortfall on the T+1 basis /Real time monitoring basis. While computing margin shortfall, value of unapproved securities shall not be considered. As per the Exchange requirements, the TM is required to maintain a prescribed ratio between cash and collaterals margin deposited with the Exchange. The TM shall therefore have the prerogative to insist for at least such prescribed ratio % margin in cash and may not consider the value of securities over and above the cash component for the purpose of calculating margins shortfall and close the F&O, Currency and Commodity segment position where it finds deviation.

iii. **Intra-day positions:**

The TM shall have right to close out any intra-day positions taken by the client after a defined 'Cutoff' time. (Presently 15 minutes before close of market hours)

iv. **Risk Base Square off:**

All positions under All Product will be subject to 75% MTM Loss i.e. positions may be liquidated if loss reaches to a pre decided level of client margin loss. The open positions (i.e. the carry forward overnight positions) and the intraday leverage position (across segments) may be squared off at 75% MTM Loss.

v. **Other General terms:**

The TM shall take into account the sales made, positions closed by the client or collections received from the client till the cut off time while selling the securities/closing the clients positions against debit/margin shortfall. While selling the securities/closing the client positions, the TM may not take into consideration Cheques remaining unclear although deposited by the client with the TM until clear proceeds of such instruments are received by the TM in its bank account. For this purposes Demand Draft / Pay order will not be taken into consideration. The TM shall have the right to sell clients securities or close out client's position but it shall not be under any obligations to undertake this exercise compulsorily. The TM shall have the right to sell client securities in case of Ageing of debit and margin shortfall in the client account. The TM shall not be responsible for any losses and penalties/charges levied by the Exchange(s) caused on such square off. The TM shall therefore not be under any obligation to compensate for any delay or omission on its part to sell clients securities or close open positions of the client.

5. Funding to client

The TM shall not allow exposure to client after T+1+5 days where client's pay-in obligation is not fully paid.

6. Restrictions on creation of carry forward positions

The TM shall restrict creation of carry forward positions of client in the following scenarios:

A. All markets:

- Client is not having adequate margins as per conditions in Risk Management policy.

B. Capital markets:

- The client has not been able to meet his pay-in obligations in cash by the schedule date of pay-in irrespective of the value of collaterals available with the TM.
- Clear proceeds of the cheque deposited by the client to meet the pay-in obligations have not yet been received by the TM.
- Client is trading "illiquid" scrips and volumes in his account exceed internal cut off limit fixed by the TM.

C. F&O Segment:

- The client has not made payment for Market to Market loss in Ledger

- The "open" positions in a contract exceeded or are close to market wide cut off limits or client wise permissible positions by exchange

D. Intra-day:

- Clients will not be able to place intra-day orders after a cut-off time fixed by the TM. (15 minutes prior to close of market)

E. Event Based:

- Where based on a corporate / market event, the TM has the risk perception that further trading in the securities /contracts may not be allowed to its clients and/or the market.

7. Temporarily suspending or closing a client's account

The TM may carry a periodic review of the client accounts and may suspend the accounts from trading in the following circumstances:

- The client has not traded for more than 24 months.
- The account is under investigation by any regulatory body.
- Based on the recommendations made by the branch manager due to excessive speculations, unclear balances
- Physical contract notes are received back undelivered due to reasons like "no such person", "Addressee" left, refusal to accept mails, signature mismatch on POD's or other reasons which may create suspicion.
- ECN failed (bounced email) on more than 3 instances until client submits and registers new email id.
- Non-delivery of the Statement of Account sent on periodic basis.
- Non-Updation of communication details viz., email id, mobile no., landline details or it is found to be belonging to a third person.
- Client lodges a complaint either directly with the TM or through Exchange relating alleged Unauthorized Trades being executed in the account.
- On notices received from statutory, Government or Local authorities and Income Tax, a Judicial or Quasi- Judicial authority, etc.
- Client is reported to or known to have expired.
- The TM may also suspend the account based on the written request received from the client.

8. Deregistering a client

- The TM may de-register the client account based on action taken by SEBI/NSE/BSE or being part of list of debarred entities published by SEBI.
- The TM may also initiate action for deregistering a client on basis of information found in sites of CIBIL or any other credit rating agency or client having suspicious back ground, link with suspicious organization, etc.
- The TM shall have the right to close out the existing positions; sell the collaterals to recover its dues, if any, before de-registering the client.
- The TM may freeze the assets of the client where it deems prudent, at time of de-registering a client.

9. Procedure for Activation of in-operative accounts

- Any client not doing single transaction in trading account with the TM for a period of 24 months is marked as 'Dormant'.
- To activate these dormant / inoperative accounts, clients require filling up a dormant activation form and providing the other related documents and details as per applicable guidelines from time to time.

10. Intimation to clients

Client can view details of his/her ledger, holdings, margin etc. via secured login on internet login provided to client. Regular intimations regarding debit, information about margin shortage with penalty amount communication regarding liquidation is sent through SMS and email on the clients' registered mobile number and email address respectively.

11. Freezing/blocking the online access of client trading account

The TM shall follow procedure laid down in policy on "Freezing/blocking the online access of client trading account" framed in accordance with SEBI circular SEBI/HO/MIRSD/POD-1/P/CIR/2024/4 dated 12/01/2024, NSE circular NSE/INSP/61529 dated 08/04/2024 and BSE circular 20240408-12 dated 08/04/2024.

12. Deviations

- The management of the TM will have a discretion to alter/change any of selling parameter defined in this policy on the basis of prevailing market conditions with or without prior intimation and can use their discretion to grant any kind of exemption/permission in case they deem fit on case to case basis.

- In case of any disagreement and/or ambiguity, the management reserves the right to make the decision, which shall be final and binding.
- Any loss/ damage arising out of compulsory square-off of trades towards outstanding debits from clients, the same will be debited to the clients account for which the clients will have to make the full payments. Please note that further exposure will not be allowed in case of any outstanding debits in the clients account.