

## **Jayant Amerchand Kalidas**

### **PRUDENT RISK MANAGEMENT SYSTEM**

#### **Know Your Client (KYC):**

- 1] Client has to be chosen through reliable source like directors & their friends & relatives existing clients, staff members, company's sub-brokers, remisers etc.
- 2] Take personal Interview & Inquire about source of income, risk appetite, mode of operation etc.

#### **Risk Management:**

- 1] Internally decide about client's exposure limits.
- 2] Ask for initial margin wherever required. Deposit/Margin should be 5 to 10% of the exposure required.
- 3] Clients should not be allowed to trade in illiquid stocks.
- 4] Clients should not be allowed to trade in other than in dmat form.
- 5] Clients should not be encouraged to trade in scripts in 'Z' category and also in trade to trade segment.
- 6] Any mistake on the Bolt terminal by dealer should be reported to the management immediately.
- 7] Dealer should report to the management trade limits fixed by the exchange crosses 70% and flashes on the Bolt terminals.
- 8] Under no circumstances we should exceed 90% of utilization of capital during any trading day.
- 9] We should have insurance cover of at least Rs 5 lacs for any loss per annum
- 10] Risk profile of each client should be reasonable assessed them the pitfall of short delivery resulting in auction and thereby taking unnecessary risk.
- 11] Inform clients to refrain from short selling & appraise them the pitfall of short delivery resulting in auction and thereby taking unnecessary risk.
- 12] Divide clients in different risk categories at any entry level and upgrade or downgrade depending on trading habits & risk profile. Fix their trading limits wherever possible & see to it remain within that limits.

#### **Pay in Pay out:**

All Payin and Payout is custodian settled.

