

RISK MANAGEMENT POLICY

Background:

Risk Management System - To manage the risk of the company/client from the volatility of the market. Risk is inherent in all aspects of a commercial operation, however for financial institutions; credit risk is an essential factor that needs to be managed. Credit risk is the possibility that a borrower or counter party will fail to meet its obligations in accordance with agreed terms. Credit risk, therefore, arises from the company's dealings with clients who may carry out transactions and not pay the losses suffered.

Objective:

To objective of the policy is to define clear and simple procedure for risk management relating to equity and derivative trading

Client Due Diligence:

Client Due diligence and risk profiling based on KYC procedures. The client shall be classified in appropriate categories like High, Low, Medium risk based on Type of Client, Financial Information, Investment Experience, Trading Preferences, Trading Turnover, Manner of making payment, etc. The client category shall be reviewed and restated at periodic intervals.

Exposure:

Company reserves liberty to vary the trading / exposure limits of the Client depending upon its risk assessment from time to time having regard to the changes in any of the factors or market conditions bearing on the risk profile of the Client.

Client's exposure limits shall be set based on available Funds, Securities and other collaterals available. Exposure may vary depending on type of securities provided as

Margin. Other collaterals may be accepted in the form of Mutual Funds, Fixed Deposits, Bank Guarantees etc in the manner as allowed by SEBI/ Exchange from time to time.

Subject to the client's exposure limits, client may trade in securities and / or take positions in the futures and options segment also. However, the Client shall abide by the exposure limits, if any, set for him. Limits/Exposure provided shall vary based on the intraday/ delivery / carry forward positions made by the client. Limits shall also be set based on categories of stocks / position (derivatives) client can trade.

It may be noted that the exposure limits set for the client does not by itself create any right for the Client and are liable to be withdrawn at any time without notice and the client shall bear the loss on account of withdrawal of such limits. The client shall compensate JMP SECURITIES PVT LTD in the event of JMP SECURITIES PVT LTD suffering any loss, harm or injury on account of exposure given and/or withdrawn.

Square off of Open Positions:

As a part of its Risk Management System, JMP SECURITIES PVT LTD shall have the sole discretion to square off the open position of the Client and / or sell clients' securities (including securities maintained as margin with JMP SECURITIES PVT LTD and securities lying in client's beneficiary / demat account) in case the client fails to meet its settlement / margin obligations in time.

JMP SECURITIES PVT LTD reserves the right to square off client's open positions or sell clients' securities under following circumstances:

- (i) where the limits given to the Client have been breached;
 - (ii) where the Client has defaulted on their existing obligation and / or have failed to make payments/deliver securities to JMP SECURITIES PVT LTD within the stipulated time period as may be prescribed by JMP SECURITIES PVT LTD.
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(iii) In addition to above, in case of equity and currency derivatives transactions:

- (a) where the margin or security placed by the Client with JMP SECURITIES PVT LTD falls short of the applicable minimum margin as may be required to be maintained by the client;
- (b) where Mark to Market Loss on the open position has reached the stipulated % of the margins (say 80% of higher) placed with JMP SECURITIES PVT LTD and the Client(s) have not taken any steps either to replenish the margin or reduce the Mark to Market Loss;
- (c) if the open position is neither squared off nor converted to Delivery by Client(s) within the stipulated time.

JMP SECURITIES PVT LTD reserves the right to square off the open position of client and / or sell client's securities under the prescribed circumstances, however JMP SECURITIES PVT LTD is not obligated and does not guarantee to square off the open positions and / or sell client's securities. The client shall be solely responsible for the trading decisions taken by the client. It shall be the responsibility of the client to make payments towards outstanding obligations and /or applicable margins to JMP SECURITIES PVT LTD in time irrespective of whether JMP SECURITIES PVT LTD exercises its right to square off the positions of the client in accordance with the provisions given herein above.

JMP SECURITIES PVT LTD shall have the right to refuse to execute trades/allow the client to take further positions and / or close out the existing positions of client under following circumstances:

- a. As a result of any Regulatory directive / restriction;
 - b. Non-receipt of funds / securities and / or bouncing of cheque received from the client towards the obligations/ margin/ ledger balances;
 - c. Due to technical reasons;
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- d. securities breaching the limits specified by the Exchanges/regulators from time to time
- e. in case of failure to meet margin including mark to market margins by the client;
- f. In case securities to be transacted by client are not in dematerialized form
- g. Any other conditions as may be specified by JMP SECURITIES PVT LTD from time to time in view of market conditions, regulatory requirements, internal policies etc and risk management system;
- h. Due to any force majeure event beyond the control of JMP SECURITIES

JMP SECURITIES PVT LTD shall not be responsible for any loss incurred and the client shall indemnify JMP SECURITIES PVT LTD in this regard.

Client shall be solely responsible for any resultant losses incurred to client due to selling of client's securities by JMP SECURITIES PVT LTD or squaring off the client's open positions or for not doing so. All losses in this regard shall be borne by the CLIENT and JMP SECURITIES PVT LTD shall be fully indemnified and held harmless by the CLIENT in this behalf.

The CLIENT shall comply with JMP SECURITIES's requirement of payment of Margin/settlement obligations of the Client, immediately failing which JMP SECURITIES PVT LTD may sell, dispose, transfer or deal in any other manner the securities already placed with it as Margin/lying in the beneficiary account of JMP SECURITIES PVT LTD or square-off all or some of the outstanding F&O positions of the CLIENT as it deems fit at its sole discretion without further reference to the CLIENT and any resultant or associated losses that may occur due to such square -off/sale shall be borne by the CLIENT and JMP SECURITIES PVT LTD shall be fully indemnified and held harmless by the CLIENT in this behalf at all times.

Valuation of Securities:

The company may decide the component of cash and non- cash collaterals from time to time either in general or for any particular client as the case maybe.

Only client stocks appearing on the approved list of NSE &BSE (after removing the illiquid scrips as appearing on NSE's & BSE's *Illiquid* list) shall be considered for margin purposes. Scrip which is banned, illiquid or T, TS & Z category for collaterals does not form part for calculating exposures. However, the Risk Department can decide any specific inclusion or exclusion from the collaterals based on exceptional circumstances. Securities that are acceptable as margin and their categorization may be changed by JMP SECURITIES PVT LTD from time to time at its sole discretion.

For valuation of collaterals, the market rate should be considered as closing price of T- 1 day.

JMP SECURITIES PVT LTD from time to time shall apply such haircuts as may be decided by JMP SECURITIES PVT LTD on the approved securities against which the Exposure limits are given to the client. JMP SECURITIES PVT LTD may from time to time change the applicable hair cut or apply a haircut higher than that specified by the Regulators/Exchanges as part of its Risk Management System.

Consideration of Funds and Securities in Pay-in and Pay-out:

In case of Funds received for Pay- in from the Client before Pay- in day / Margin received, the amount received shall be considered as Margin received from the client if amount is reflected in our bank account as a cleared credit and we should be able to connect this credit to the specific client.

In case client has purchased approved securities and securities are pending to be

received in Payout from the exchange, additional amount to the tune of securities to be received from the exchange after deducting hair cut (based on VaR + ELM) shall be considered as Margin received from the client, irrespective of Pay-in of fund is received or not.

In case of sale of Securities, such sale may at the discretion of JMP SECURITIES PVT LTD be provided only to the extent of the availability of securities in the account of the client (DP free Stock, DP lien/hold marked securities, beneficiary and collateral stock). Further the credit received against sale may be used for exposure as may be decided by JMP SECURITIES PVT LTD from time to time.

In case of derivatives, Clients shall be allowed to trade only upto the applicable clientwise position limits set by the Exchanges/Regulators from time to time. JMP SECURITIES PVT LTD may from time to time demand additional margin from the client in the form of funds or securities if there is a requirement for the same and the client shall be required to provide the same.

Review and communication:

The policy shall be periodically reviewed from time to time. The policy shall also be communicated to client from time to time through various modes and means.

For JMP SECURITIES PVT. LTD.


DIRECTOR

