

TRADING SIMPLIFIED

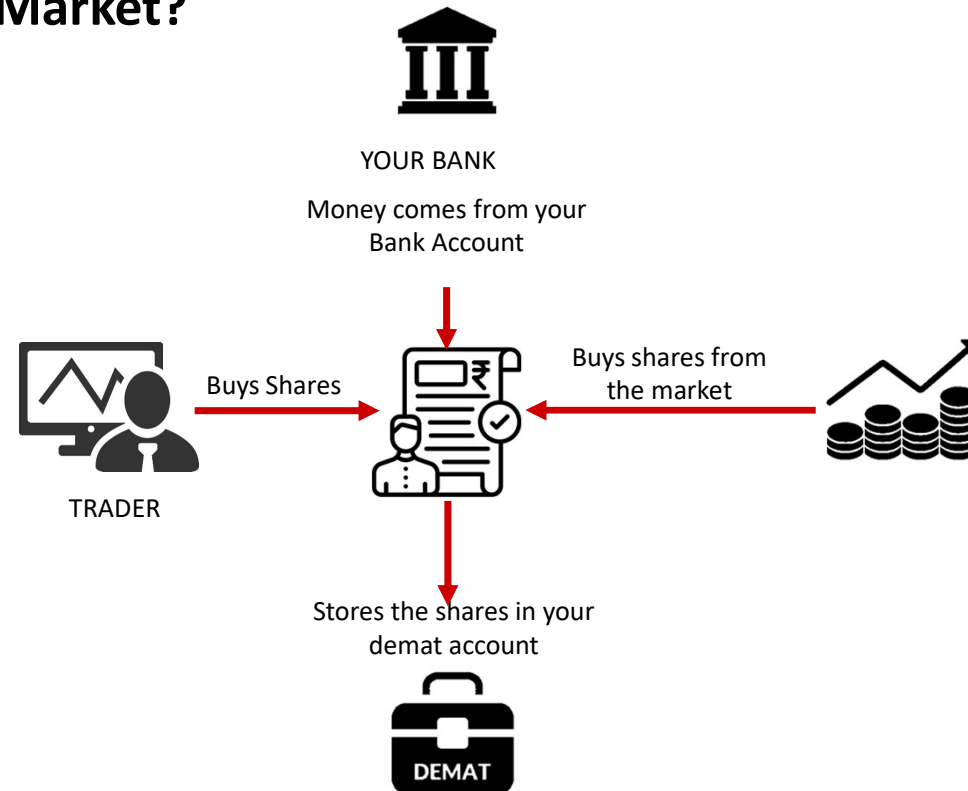
STOCK MARKET & TRADING OPPORTUNITIES

Stock Market: Introduction



- A **share market** is where shares are either issued or traded in.
- A **stock market** helps you trade financial instruments like bonds, mutual funds, derivatives as well as shares of companies.

How to trade in Stock Market?



Other than a bank account, you will need to get trading and demat accounts opened with a broker. A trading account is like a bank account meant only to pay for, and receive payments from, trades executed on the stock market. This acts as a gateway between the trading platform or terminal and your bank account. A demat account is a digital locker where all the shares you own are stored in a dematerialized format.

Stock Market: Types



PRIMARY MARKET

This where a company gets registered to issue a certain amount of shares and raise money. This is also called getting listed in a stock exchange. A company enters primary markets to raise capital.



SECONDARY MARKET

Secondary market transactions are referred to trades where one investor buys shares from another investor at the prevailing market price or at whatever price the two parties agree upon.



How to earn in stock Market

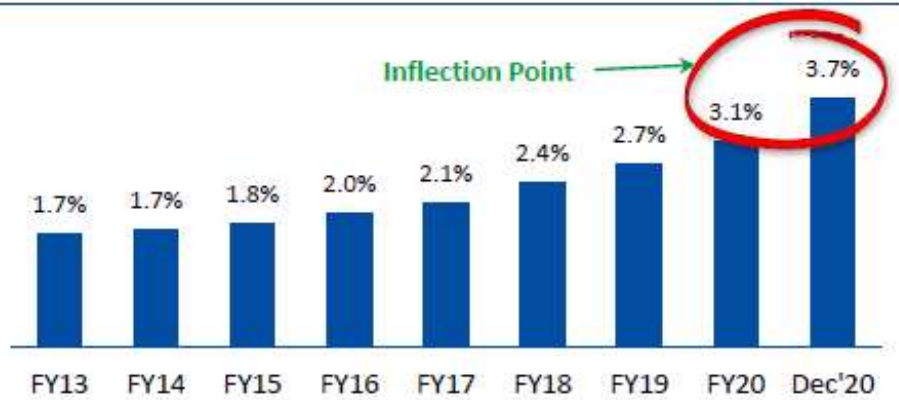


- By investing in stock market (Investor)
 - By becoming member of Stock Exchanges (Brokers)
 - By becoming associates of Member brokers (popularly known as “Authorized person” / “Referral”)
 - Discharging various function as an Auditors / certifying authority.
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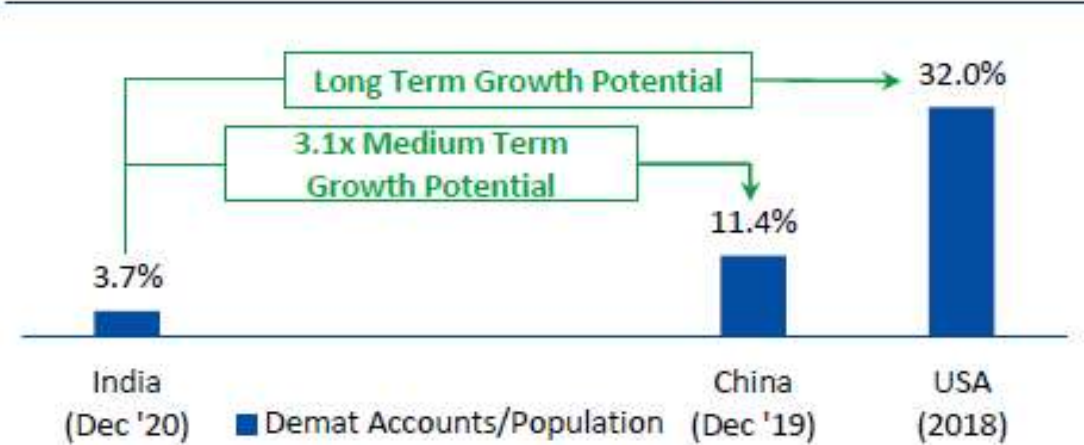
Trends in Equity Market Participation



Rising Penetration Of Demat Accounts In India



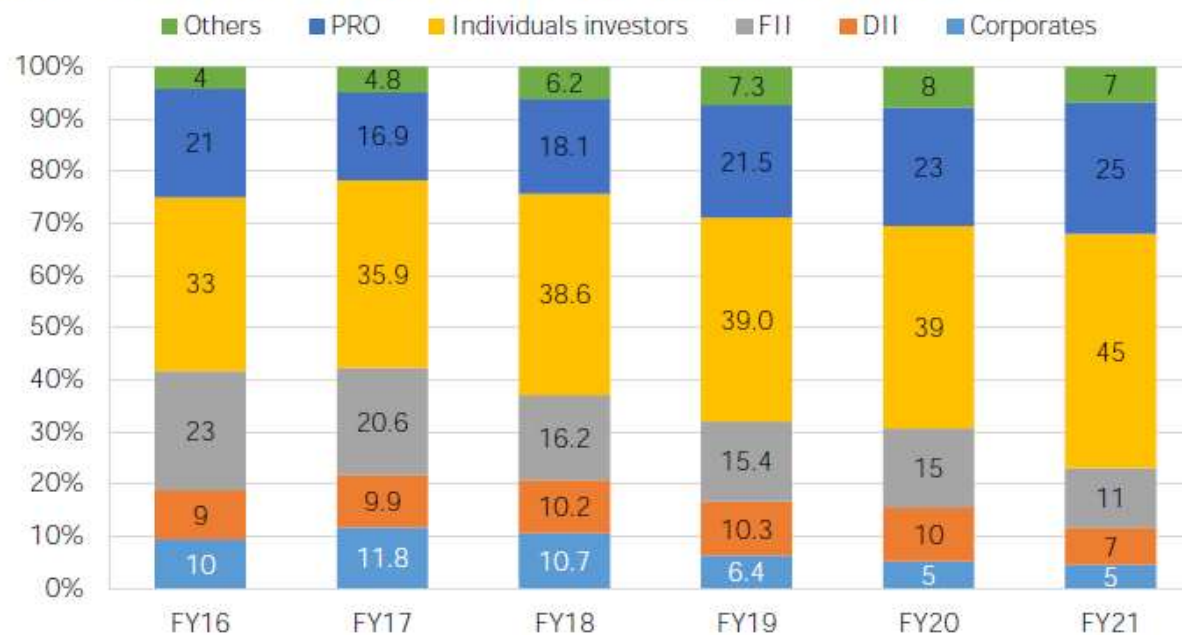
Huge And Sustainable Growth Opportunity



Share of Individual Investors is increasing



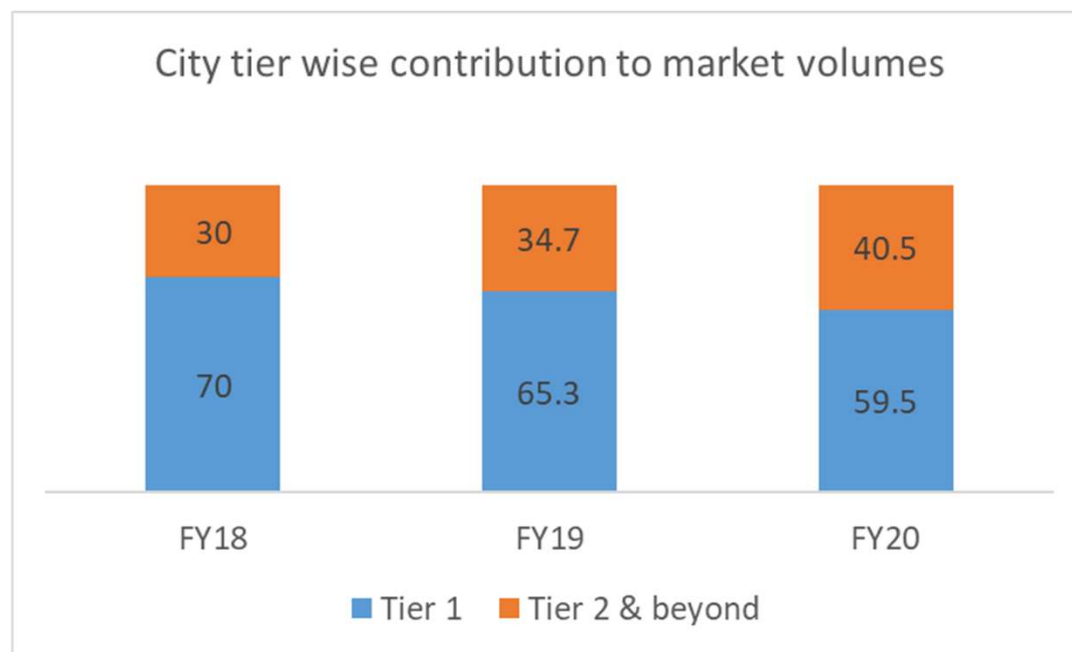
Figure 231: Share of client participation in Capital Market at NSE (%)



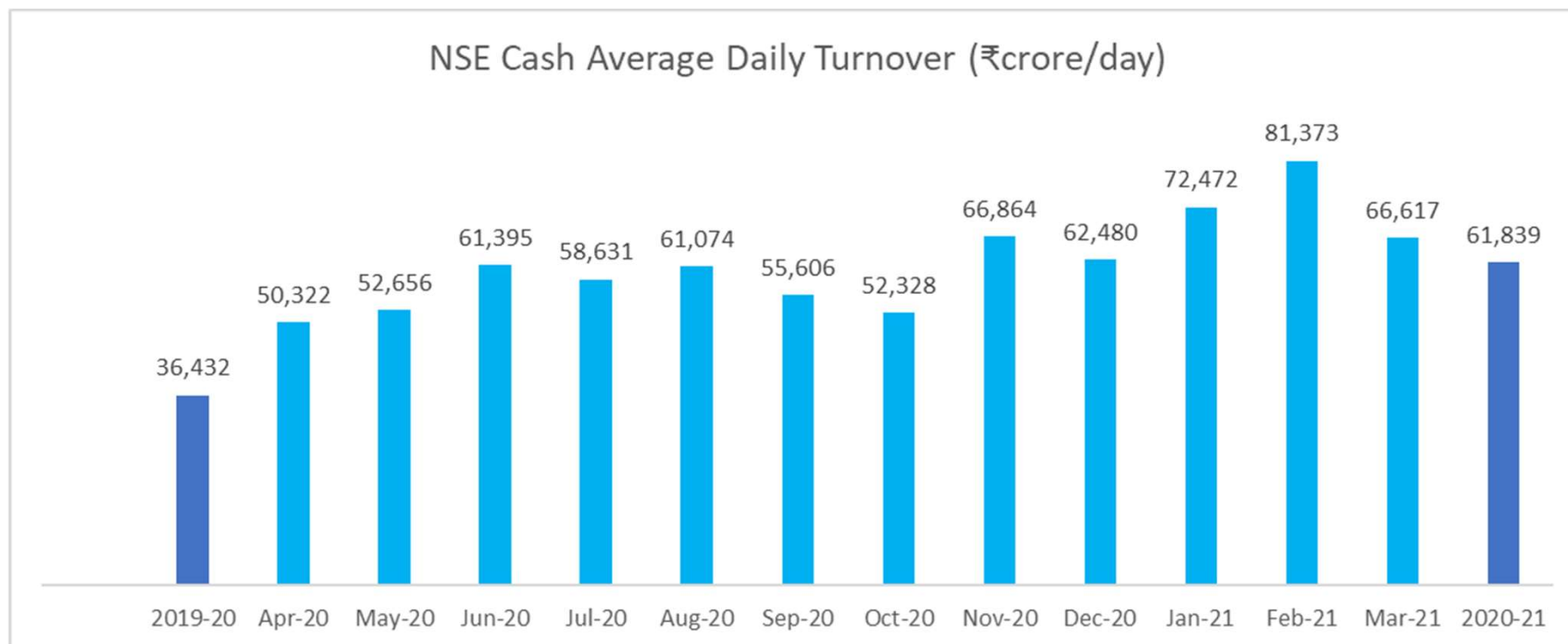
Source: NSE.

Note: DII: Domestic Institutional Investors, FII: Foreign Institutional Investors, Prop traders: Proprietary Traders, Individual investors: individual domestic investors, NRIs, sole proprietorship firms and HUFs, Others: Partnership Firms/LLP, Trust / Society, AIF, Depository Receipts, PMS clients, Statutory Bodies, FDI, OCB, FNs, QFIs, VC Funds, NBFC, etc.

Increasing contribution from Tier- II and geographies beyond



Volumes in Equity Market



Source: SEBI

Ample Opportunity for Entrepreneurship in Future



Registered Brokers & AP as on 31st March 2020

Registered Members	Authorized Person
1300+	98000+

Source: NSE annual report

Ample Opportunity for Entrepreneurship in Future



- Statutory Auditor
 - IFC
 - Research Audit
 - IA/PMS audit
 - Margin Trading (Internal audit and Networth certificate)
 - Concurrent Audit (CDSL only)
 - Half yearly Audits (DP / Exchanges i.e, SEBI)
 - Certification (Net worth submission half yearly to Dep, Exchange, PMS)
-

Stock Market Terminologies



Value-at-risk is a statistical measure of the riskiness of financial entities or portfolios of assets.

Extreme Loss Margin

ELM is the fixed additional margin charged. Both the margins are applied on the trade value and are available from the exchanges as a percentage of the value of the trade.

Additional Margin means Properties other than Initial **Margin** and Maintenance **Margin** that a Client shall deposit with the Company for the purchase or sale of Derivatives at the rate or amount stipulated

In **delivery** trades, the stocks you buy are added to your demat account.

Peak Margin is the minimum margin that **MUST** be collected by brokers from their clients in advance of placing any intraday / delivery order in the Cash and derivatives segment.

Mark to market (**MTM**) is a method of measuring the fair value of accounts that can fluctuate over time, such as assets and liabilities.

A **stop-loss** order is an **order** placed with a broker to buy or sell a specific stock once the stock reaches a certain price.

Resistance is the price at which the price of an asset meets pressure on its way up by the emergence of a growing number of sellers who wish to sell at that price.

Support is the price level that an asset does not fall below for period of time.

An **auction** market is one where buyers and sellers enter competitive bids simultaneously.

Stock Market Terminologies



Liquidity: Liquidity refers to how easily a stock can be sold off. A share that can be sold off quickly i.e. has high trade volumes is said to be highly liquid.

Bull market: When stock prices in a market are generally rising, it is called a bull market

Bear market: when the stock prices in the market are generally falling it is called a bear market.

Market order: An order to sell/buy shares at the market price is called a market order. It is advisable to avoid placing market order as the trade price can be very volatile

Limit order: An order to sell shares above a set price or buy shares below a set price is called a limit order. You should always use limit orders to trade shares.

Day order: An order that is good only till the end of the trading day is called a "day order". If the order does not get executed by the time the market closes, it would be cancelled.

▶ **Some of the product widely traded in
Capital Market**

What is Margin Trading?



Many traders trade on the stock market using borrowed funds or securities. This is called margin trading. It is almost like buying securities on credit.

Margin trading can lead to greater returns, but can also be very risky. While it lets you actively seize market opportunities, it also subjects you to a number of unique risks such as interest payments charged for the borrowed money.

Cover Order



Cover order is a 2 legged **order** type where putting a stop loss along with the initial **order** is compulsory. Thus, the loss in the trade is already **covered** and hence the name. In **Cover Order**, the trader has to put 2 **orders** at a time: Position Initiation **Order** – This **order** will be a limit **order** to enter into a position.

Stock Lending and Borrowing Mechanism (SLBM)



HOW IT WORKS?

Lenders – Lenders can earn extra income by lending the stocks from their portfolio.

Borrowers – Borrowers can borrow the stocks for arbitrage, for short selling or to avoid the physical delivery.



LB or stock lending and borrowing is a system in which a trader can borrow shares that they do not already own or can lend the stocks that they own. An SLB transaction has a rate of interest and a fixed tenure.

Benefits of SLB

Additional Income | Multiple stocks | Enables short sell | No counter party risk | Avoid physical settlement

ALGO - Trading

ALGO STRATEGY

- 1. Trend analysis:** The stock's movement is predicted after analysing its current and past behaviour. Traders can enter their requirements based on the available data.
- 2. Arbitrage strategy:** This is based on the profits made due to price differences between the two exchanges in the Indian stock market. The algorithm identifies these differences and executes the trade in real-time.
- 3. Trading range strategy:** Assumed after a rise or fall, the price will return to its average price. The algorithm identifies the average price range of a stock. It sells as soon as the price of the stock leaves this range.



Algo trading involves an automated system that uses algorithms and computer codes to execute trades. The trader has to define variables like price, quantity, and time. Once the market meets these pre-set conditions, the programme executes the trade. The algorithms can tell a trader when to buy or sell as well as the number of shares to trade.

Super Multiple



HOW IT WORKS?

Super Multiple is designed for traders who wish to take the advantage of intraday trading in large volumes, and thus, make the most of market conditions.



Super Multiple offers high exposure on select stocks and Futures & Options contracts. Super Multiple orders can be used for Cash and Futures & Option trades. While placing a Super Multiple order first define scrip and quantity. Then select order type as Super Multiple. After that, you need to define stop loss trigger prices for the given Super Multiple Order. Note, scrip multiple is offered based on liquidity, volume, volatility, etc.

Regulated by SEBI



■
Protecting the
interests of
investors in stocks

■
Promoting the
development of
the stock market

■
Regulating the
stock market

SEBI has the responsibility of both development and regulation of the market. It regularly comes out with comprehensive regulatory measures aimed at ensuring that end investors benefit from safe and transparent dealings in securities.

Its basic objectives are:

The Security and Exchange Board of India (SEBI) is mandated to oversee the secondary and primary markets in India since 1988 when the Government of India established it as the regulatory body of stock markets. Within a short period of time, SEBI became an autonomous body through the SEBI Act of 1992.

KOTAK SECURITIES TODAY



Founded in 1994

SERVICES

- Stock Broking Services
- Portfolio Management Services
- Dual Benefit: Stock Brokers + Depository Participants
- Research Expertise
- Updated Market Data
- International Reach

17

Lakh

Customer Accounts

8

Lakh

Trades per day

1539

Our Presence

1539 Branches across 393 cities

7000

Employees

Kotak Securities Limited ("The Company"), a subsidiary of Kotak Mahindra Bank Limited (KMBL), was incorporated on 20th July, 1994. It provides securities broking in cash equities segment, equity, commodity and currency derivatives segment, depository services, primary and secondary market distribution services. The Company is a member of BSE Limited (BSE), National Stock Exchange of India Limited (NSE), National Commodity & Derivatives Exchange Limited (NCDEX), Multi Commodity Exchange of India Ltd (MCX) and Metropolitan Stock Exchange of India Limited (MSEI). The Company is also a depository participant of National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) and is also registered as a portfolio manager with Securities and Exchange Board of India (SEBI). The Company is registered as a Mutual Fund Advisor with Association of Mutual Funds in India (AMFI) and also acts as a corporate agent of Kotak Mahindra Life Insurance Company Limited.

- We are corporate members with the Bombay Stock Exchange(BSE) and the National Stock Exchange(NSE).
- We are also a depository participant with National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL)

OUR PURPOSE

VISION STATEMENT

The Global Indian Financial Services Brand

Our customers will enjoy the benefits of dealing with a global Indian brand that best understands their needs and delivers customised pragmatic solutions across multiple platforms.

We are a world class Indian financial services group. Our technology and best practices are bench-marked along international lines while our understanding of customers will be uniquely Indian.

We are more than a repository of our customers' savings. We, the group, are a single window to every financial service in a customer's universe.

The Most Preferred Employer in Financial Services

A culture of empowerment and a spirit of enterprise attracts bright minds with an entrepreneurial streak to join us and build long-term careers with us.

Working with a home grown professionally managed company, which has benefited from partnerships with international leaders, gives our people a perspective that is universal as well as unique.

The most Trusted Financial Services Company

We will create an ethos of trust across all our constituents. Adhering to high standards of compliance and corporate governance will be an integral part of building trust.

Value Creation

Value creation rather than size alone will be our business driver



WHO WE ARE

Founded in 1994

Kotak Securities is one of the leading stock broking companies in India and a subsidiary of Kotak Mahindra Bank Limited

Innovators in the Industry

We have been the first in providing many products and services which have now become industry standards.

- First to provide Margin Financing to the customers .
- First to enable investing in IPOs and Mutual Funds on the phone.
- Providing SMS alerts before execution of depository transactions.
- Launching of Mobile application to track portfolio.
- AutoInvest - A systematic investing plan in Equities and Mutual fund.
- Innovation - Broking app which allows you to access markets across platforms, mobiles and tablets allowing registered and guest users to view live prices, track portfolio and trade

Value

Whether you are a customer with a small or large wallet size, you can expect us to bring value to you, in every form.

- Quality Research
- Quick trade execution
- Low brokerage
- Accounts that suit your investment profile
- Risk Profiler
- Superior Customer Service



Services

Exceptional-house
Research

Robust Technology

Centralized Risk
Management System

Customer Service
available in 10
different languagesu



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P.S.: Trade from anywhere with the Kotak Stock Trader app that brings the stock markets to your palms. Download on [Google Android](#), [Android tablets](#), [Apple iOS](#) & [iPads](#).

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