

POLICY ON SETTLEMENT OF FUNDS AND SECURITIES

Object and Coverage:

- To lay down guidelines for Settlement of Funds and Securities as prescribed SEBI circular MIRSD/SE/Cir-19/2009 dated 3rd Decembers 2009 and Stock Exchange circulars from time to time.
- It applies to all clients who have signed RAA and thereby not opted for Bill to Bill settlement.

Obtaining Client Preference for Settlement:

- For new clients, Preference for settlement of Funds and Securities shall be obtained from clients at the time of registration of clients.
- For existing clients, a fresh RAA along with Settlement Preference shall be obtained immediately before activation or placement of trades.
- Written confirmation shall be obtained on a separate Running Account Authorization Letter forming a part Voluntary Document of Client registration From.
- RAA shall be obtained from only those clients who have signed Running Account Authorization.
- Two types of settlement preference shall be allowed (i) Monthly and (ii) Quarterly. Client need to tick his preference.

Modification and Disclosure of Client Preference for Settlement

- A client may at any time revoke the BAA and change his settlement preference by giving a notice in writing.
- Till the time the RAA is not revoked, the Statement of Funds and Securities shall disclose by way of a Note that “RAA is obtained and can be revoked at anytime”

Periodicity of settlement:

- All Active client needs to be settled once in every calendar quarter and or month as per client preference.
- Settlement for a period lower then opted from the client is not allowed.

Manner and Amount of Settlement:

- All Funds and Securities shall be settled on single day.
- Settlement of Funds and Securities shall be done on any day fall under the respective Quarter (June, Sept, Dec & Mar) and or on the last day of the month or quarter. Settlement of client's accounts shall also be done on daily basis based on the nature of transaction and / or request from the Client for pay in and pay- out of funds & Securities.
- EOD clear balance across all segments and all exchanges shall be considered for settlement.
- As per SEBI Circular clients having outstanding obligations on the settlement date, a member may retain the required to meet margin obligations for next 5 trading days, calculated in the manner specified by the exchanges.

- Clients having debit balances shall be intimated to make payments and clear dues. Clients having credit balance shall be paid securities or delivered securities as appropriate.
- In respect of cash market transactions, trading member may retain entire pay-in obligation of funds & securities due from clients as on date of settlement.
- In Derivatives segments, in addition of mark to market obligation for settlement date an amount equivalent to 255% of Margin Liability (175% for up to quarter ended September 2013) on the settlement date shall be allowed to be retained.
- Based on the Clarification to Annexure - A of SEBI Circular MIRSD/ SE/Cir - 19/2009 dated December 03, 2009 purpose of quarterly/monthly settlement trading member may settle across segments of the same exchange for a particular client.
- While computing the value of securities, the closing rate for the trade date prior to the settlement date (T-1 day) should be considered after appropriate hair-cut shall be taken.
- In case of settlement done on trading holiday(s), T day to be considered for margins /turnover, etc., would be the previous trading day.

Statement of Funds and Securities settlement:

- Following should be dispatched to the clients immediately on settlement:
 - a) Statement of Funds showing extract of ledger
 - b) Statement of Securities showing extract of all receipts and payment of Securities during the period.
 - c) Statement showing calculation of Retention in format prescribed by SEBI / Exchange.
- Statements should contain details as required by relevant SEBI and Exchange circular.

Non- Applicability of Settlement of Funds and Securities

Periodic settlement is not required to be done in the following cases:

- PMS Clients
- Institutional Clients
- Accounts freeze due to non-payment or legal reasons
- Clients settling trades through “custodians”
- Clients availing margin trading facility (to the extent of funds/securities relating to margin trading facility used by client).
- Margin received in the form of Bank Guarantees and Fixed Deposit Receipts which are created by clients.
- Clients having aggregate net amount for settlement up to Ps. 10000/- may not be settled subject to obtaining written confirmation from clients.