

## **Brief note on quarterly settlement practice**

Company has a policy to settle each and every client as per the guidelines issued by the regulator. Each client is settled regularly within 30/90 days. Earlier, The company at the time of quarterly settlement is an amount upto Rs. Rs.10.000/- only of those clients who are active in current quarter. Client who has traded in current quarter shall be deemed to be active client for the purpose of settlement. Wherever the client has not traded since last 3 months there is no retention of Rs.10000/-.

Following amount shall be considering while settling the particular client-

- a. It shall consider consolidated funds and securities balances across all exchanges.
- b. It shall retain obligation value of T-1 day.
- c. It shall retain T day margin and additional 125% margin
- d. For Debit balance client – hold securities upto three times of the debit amount.
- e. Securities shall be valued at T-1 date closing rates
- f. Exemptions – Trading member a/c, NRI client, Legal cases, Own a/c, accounts opened during current quarter

### Reports

The running account settlement software generates various reports of which following two are most useful.

- a) LOG DETAIL – This report is generated for a period. It gives list of all clients marked settled during that period along with date of settlement and retention calculation.
- b) UNSETTLED – This report is generated as on a particular date. It gives list of all clients who have not been settled on that date.

### Settlement process-

- a) The running account settlement software runs settlement checking process automatically every day for all client codes. System considers all clients whose retention as per prescribed calculation is more than their funds and securities balances as deemed settled. System generates list

of all such clients meeting the criteria of settlement and automatically generates the settlement statement and mark such clients as settled on that particular date. That list is appended in 'LOG DETAIL' report. Said Process run every day and the list of settled clients is updated by adding new settled clients. If any client is not marked settled on any of the days during (T-66) day to (T-1) day both days including, such client's funds and securities are settled manually before the expiry of 90 days. This manual settlement is also get automatically marked in running account settlement software.

b) The system also creates a list of unsettled clients on any particular day.

Following shall be sent to the clients after the settlement-

1. Retention in the prescribed format (Retention statement as prevailing as on date Extract of financial statement)
2. Extract of security ledger

The client shall be communicated on their registered email ids. Where ever the client shall not have registered email id, it is sent by post.

### **Mode of Payment-**

#### **(a) Funds**

All payments are made through electronic mode i.e. NEFT and/or RTGS and in case NEFT/RTGS get bounced the payment is made by cheques in the designated bank account of the client.

#### **(b) Securities**

In case of shares, these are transferred to beneficiary id of the client mapped with us. In case client has provided multiple beneficiary ids, transfer shall be preferred to beneficiary id with POA a/c with us to ensure seamless trading by the client.

In case a particular client a/c remains unsettled due to non-updation of their valid Bank details such unsettled amount shall be earmarked and kept in a separate bank a/c and or FD. Earlier the funds belongs to these clients are lying with client bank accounts.

In the same way the Securities remain unsettled due to non availability of Client Beneficiary Account details the same is to be kept in separate Depository Account and to be transferred to the beneficiary client after receiving update details from the client.

All such unsettled clients where funds, are kept in separate bank account / earmarked FDR shall not be available or utilized for margin deposit with exchange.

Such funds and securities shall be used for payout to such unsettled clients after receiving and updating necessary details from clients. In case any such client becomes active after updation of his details, the funds and securities could be used to meet his obligation requirements in becoming active.

All such unsettled clients will be suspended for trading till the time we receive required updated bank and Depository details for quarterly settlements.

This process shall be updated from time to time based on the guidelines of the exchanges and SEBI.