

Annexure

Internal control

1. Details

➤ Date of starting of business

03-04-2002

➤ Background of company

THE COMPANY WAS INCORPORATED ON 10TH DECEMBER 2001 and commenced stock broking on 03rd APRIL 2002 AND SINCE THEN THE COMPANY HAS BEEN ON THE UPSWING. THE COMPANY IS A CLOSEDLY HELD COMPANY. THE DESIGNATED DIRECTORS EMPLOYED BY THE COMPANY ARE FROM THE SAME FAMILY AND HENCE THE MANAGEMENT IS CAPABLE OF OVERCOMING ANY HARDSHIPS. THE CLIENTS OF THE COMPANY ARE LIKE A FAMILY AND ARE TREATED AS FAMILY MEMBERS. THE COMPANY DISCOURAGES SPECULATION AND THAT HAS HELPED THE CUSTOMERS TO GAIN TENFOLD IN THIS CURRENT BULL RUN. AT KMS WE ALWAYS MAKE FORTUNES BY INVESTING IN FUNDAMENTALLY STRONG COMPANIES.

2. Policy on Client Code Modifications:

1. The modification to the client code is to be done only in exceptional cases and not as a routine one.
2. The reason for modification has to be ascertained and analysed and genuineness is to be established and also it's impact on the clients should be studied before the modification. If voice recording is in practice, the same should be studied.
3. Normally as a principle, other than for punching errors, no modification to the client codes be allowed.
4. Therefore it is imperative that the issue should be reported to the senior level Manager/Director and only with his approval, the modification should be carried after being satisfied that it is genuine, the same is required to be done to protect the interests of the client.
5. Hence the facility to modify the client codes should be available only at the Corporate Manager level and should not be given to the branches/franchise/sub-brokers.

6. Training program should be conducted to all the Dealers and they should be explained how code modifications can be misused and what steps should be taken to avoid the same. It also should be explained that code modifications should not be encouraged to the clients except for cases like 'punching errors'/'typing errors'.

7. A register is to be maintained for recording all the code modifications with details like error code, correct code, scrip name quantity, client name, the name of the dealer who punched the code, the explanation of the dealer/Branch Manager, the 'analysis /study' of the authorised Manager and his approval/disapproval for modification.

8. Finally the decision of the authorised Manager should be ratified later by the Director.

3. PMLA

➤ **Compliance w.r.t. Principle Officer and adoption of written policy.**

To ensure compliance, monitoring and report compliance of Anti Money Laundering policy of the broker, Senior Executive heading the Compliance Department of the broker at Corporate Office shall act as Principal Officer. He/She shall be responsible to monitor and report transactions and share information on Anti Money Laundering as required under the law. The Principal Officer shall maintain close liaison with enforcement agencies, brokers and any other institutions that are involved in the fight against money laundering and combating financing of terrorism. The Principal Officer shall furnish a compliance certificate to the Board on quarterly basis certifying that Revised Anti Money laundering Policy is being strictly followed by all the dealers of the broker.

➤ **Measures taken with regard to Anti money laundering Act.**

Sending periodical emails to clients regarding anti money laundering Act and the same has been captured in KYC forms as well.

➤ **System of keeping a check on Volume of trading done by the client is in proportion to his financial details as disclosed in the KYC.**

The director himself sits on the RMS machine and keeps track of the clients volume besides having RMS software

➤ **Alerts for the same generated or not?**

Alerts have been generated and immediate remedy had been taken.

➤ **Any Suspicious Transaction Report (STR) sent to FIU**

NO STR has been sent to FIU

➤ **Risk categorization of clients.**

The clients are all closely related clients and clients who come through their reference and we do not entertain walk in clients and hence all the risk categorization of clients is kept as LOW.

4. Introduction/Registration of clients

➤ **Basis of accepting as client**

- No Walk-in clients should be registered as client or allowed to trade. Only those new clients would be accepted and allowed to trade with us, who would be referred to us by any of the following:
 - 1) Directors;
 - 2) Relatives or Family Members of the Directors;
 - 3) Sub Brokers & Authorised persons;
 - 4) Existing Clients.
- On expression of wish for becoming a client by any person, a copy of Client Registration Form along with other documents and forms will be forwarded to the client. The copy of the CRF will also be accompanied with the list of documents and additional documents or proofs required.
- Client Registration Form after being signed and filled by the Client will be received at our Client Registration department.
- At the client registration department, the documents are checked and only after they are found proper they will be counter signed by us. The client code generated will be communicated to the client after completion of entire procedure.
- A prospective client will be allowed to trade only on satisfactorily submission of required documentary proof and proper signing of documents.

•UCC AND EMAID ID are communicated in the KYC form itself and proof of it is maintained

➤ **Procedure for In-person verification of clients and maintenance of proof for the same, specifically in respect of out station & sub-broker clients**

IN PERSON VERIFICATION of the clients is done only by the employee of the company and by the director of the company and an IN PERSON VERIFICATION Stamp is marked on KYC. As regards IN PERSON VERIFICATION of the outstation clients it is done by Web cam or by his personal visit to our office. We do not have any sub brokers.

➤ **Whether Client Registration Documents (CRD) given to new clients & to existing clients, on demand. Also, whether UCC & email ID communicated to clients on CRD or separate letter, and proof for the above.**

YES

➤ **Do you outsource client registration modalities?**

NO

- **Do you entertain walk in clients? If yes, what are risk mitigation measures taken in dealings with such client.**

NO

- **Process of record keeping and retrieval of client registration document.**

Physical all the documents are kept at the office and can be retrieved with ease.

5. Uploading of KYC documents to KRA----OK

KRA Policy We perform the initial due diligence of each and every new client. If KYC data is not available with the KRA we upload the KYC information for both individuals and non-individuals with proper authentication on the system of the KRA, furnish the scanned images of the KYC documents to the KRA, and retain the physical KYC documents.

A new client is allowed to start trading / dealing in commodity futures on the Exchange platform as soon as the client is registered by completing the necessary KYC documentation process.

We upload KYC details with proper authentication on the system of the KRA, within 10 days of receipt of the KYC documents from the client.

With respect to the existing clients, who are presently registered with any of the Members and whose KYC data are already uploaded on the system of any of the KRAs, We match the data with KRA and verify the same with the original documents received.

On receipt of information on change in KYC details and status of the clients by us, we upload the updated information on the system of KRA with proper authentication on the system of the KRA, furnish the scanned images of the additional KYC documents to the KRA, and retain the physical KYC documents.

We also upload the KYC details of existing clients which are missing/ not available with KRA by calling for the same from clients.

We do not use the KYC data of a client obtained from the KRA for purposes other than it is meant for; nor shall it make any commercial gain by sharing the same with any third party including its affiliates or associates.

We have the ultimate responsibility for the KYC of clients, by undertaking enhanced KYC measures commensurate with the risk profile of its clients.

We have adequate internal controls to ensure the security / authenticity of data uploaded.

We retain the physical copy of the KYC and furnish the physical KYC documents or authenticated copies thereof to the KRA, whenever so desired by the KRA

6. Funds:

➤ System of pay in and pay out of funds from / to clients

- All payments shall be received/made from/to the clients strictly by account payee crossed cheques/ demand drafts or by way of direct credit into the bank account through EFT, or any other mode allowed by RBI.
- We shall accept cheques drawn only by the clients and also issue cheques in favour of the clients only, for their transactions.

➤ System & source of pay in and pay out of funds in case of Own trading

- All payments for own trading is done out of own funds

➤ Procedure of Margin collection, if any from clients & maintenance of records thereof

Over the years, there hasn't been much change in our RM policy primarily because we are very conservative and cautious in our client's selection. Since May 2005, there has been clear relaxation from the regulators in terms of enabling brokers to use their prudent decision in terms of collection of margins and settlement funds from the clients as the T+2 environment demands an entirely fresh thinking in terms of risk management compared to older environment of longer settlement cycle. We take margin deposit from trading clients and also deposit the same with BSE as Additional Base Capital which goes towards meeting their margining requirements. For clients delivery based transactions, wherever necessary we take advance shares or funds as the case may be. In many instances we have done pre pay-in of large quantity of shares sold by clients in order to meet high margins. Another good feature that has been put in place by regulators is to bring the CM segment margining in line with FO segment i.e. advance margining system. That has brought a great relief to us brokers and reduced the risk of bad debts. However in our case in almost all Cash Market transactions we either receive the shares and funds (in some cases even advance delivery) on T+1 basis. So the risk is very well controlled. For our NSE F&O segment we strictly follow the rule of advance margining system and have collected sizeable margins from our clients in the form of shares and cash as applicable. Our margin files for NSE F&O segment are regularly being uploaded to the exchange and reflect the true picture of margins lying with us for those respective clients. Also since we are ourselves a DP with CDSL, having most of our client's demat accounts with us; it becomes easier for us to monitor their financial capabilities. Further, in cases of new clients & clients wherever we feel necessary, we hold back their shares till payment is received.

➤ Any funding is done to the clients

No Except client funding

➤ Credit / transfer of Dividend to the clients / own dividend

- Dividend/ other corporate benefits shall be paid/ credited to customers account within a reasonable time but not exceeding 30days.
- In case of delay beyond 30 days the matter shall be reported to compliance officer
- The dividend/ corporate benefits of client shall be kept in a separate client bank/ client beneficiary account till the time the said is passed on to the customer.

➤ **Procedure followed in case of default by client/ sub broker's client**

We accept clients only references and hence follow up is done through the reference periodically and hence the default risk is minimal

➤ **Payment to sub brokers / remisiers**

We do not have any sub brokers and payment to remisiers is made to them monthly by cross cheque

➤ **Any third party transfer of funds? If yes , policy in this regard**

We do not accept third party transfers as such in some cases even if we have accepted we made sure that we have a covering letter of the party and the securities are returned to the respective client in matter of 5 days.

7. **BOLT Terminal**

➤ **Procedure of accepting & placing of orders**

- The orders will be placed by the respective Dealer as per the instructions from the clients.
- However, it should be made sure that the price put up should not be unrealistic or not representing the correct market price.
- Everytime before execution of order a final confirmation of the entire order should be made to the client.
- The clients should not be induced to either Buy or sell.

➤ **Factors determining the trading limit for each terminal / client**

Trading limits are set for the respective BOLT terminals on the basis of client base and the quality of clientele base handled by the dealer and the dealer's past mistakes in various matters.

Trading limits are set for individual clients on the basis of previous timely payment done by the respective clients and the quality of shares he or she trades in.

➤ **Control over operator to ensure that he is entering authorized trades only**

The BOLT operators are controlled by the director by limiting the acceptance of the order on the basis of quality of scripts, past performance of the operator, the quality of clientele handled by the operator and seeing the market conditions.

➤ **System in place to check certification of approved users has not expired**

The certifications are carefully verified and the expiry date is noted and reminder pops up a reasonable time before expiry.

8. Contract Notes

- **Whether printing of contract note is centralised? If not, Place from which CN are printed.**

Printing of contract notes is centralized. Contract notes are serially numbered since they are centralized printed only one series of numbering has been followed. We have maintained log files of BSE ECN as a proof of acknowledgements for contacts notes

- **Procedure for printing CN in case of outstation clients / sub broker clients**

Even the printing of outstation clients is done at the same main office.

- **Basis of numbering**

Contract notes are serially numbered since they are centralized printed only one series of numbering has been followed. Contract notes are serially numbered and resetted it at 1 at the starting of the year.

- **System for maintaining duplicates & acknowledgement for CNs**

We have maintained log files of ECN as a proof of acknowledgements for contacts notes in the back office machine.

9. Securities:

- **System of pay in and pay out of securities from / to clients**

- In case of securities, we shall give/ take delivery of securities in “demat mode” should be directly to/ from the “beneficiary accounts” of the clients except delivery of securities to a recognized entity under the approved scheme of the stock exchange and/or SEBI.
- We shall make the clients pay-in from the securities purchased by him in the previous settlements & are lying with us.

- **Separate Own Beneficiary Account maintained or not**

We maintain a Separate Own Beneficiary Account for our own trading purpose.

- **Separate Client beneficiary account maintained or not**

We maintain a Separate Client Beneficiary Account

- **Client wise segregation of securities maintained or not**

Client wise segregation of securities are maintained electronically in the backoffice software.

- **Whether Clients' securities maintained with Member**

We do not hold back any securities of the clients.

- **Procedure for check on Third party security transfer/ acceptance**

We do not accept third party transfers as such in some cases even if have accepted we made sure that we have a covering letter of the party and the securities are returned to the respective client in matter of 5 days.

- **Policy to ensure that client's securities are not mis-utilised for own purposes or for any other client.**

We do not hold back any securities of the clients and hence the question of misutilization does not arise.

10. Monthly/Quarterly Settlement

Settlement of clients running account are done as per the choice opted as per KYC from and mostly clients have opted for quarterly settlement of accounts and hence the settlement of clients accounts are done on quarterly basis.

While doing settlement of clients account no inter-client adjustments are done for the purpose of settlement of running account.

Sometimes the securities and funds are retained towards obligations including expected margin obligations then norms as per SEBI/ Exchange are followed and accordingly 150% of the margin obligations are kept on hold

11. Statements of Accounts and Daily Margin Statement

Statement of accounts and securities are issued on quarterly basis to the clients and sometimes issued in the period when the account has been made Nil or closed.

Statements of accounts are not issued from the branches and we do not have any subbrokers nor any authorized person.

Statement of accounts are issued digitally and only if client request then physically.

12. Execution of POA (Power of attorney) (if applicable) -

- **Process adopted for execution of POA.**

As per company policy and norms of SEBI, POA has been taken from clients only in the name of KMS STOCK BROKING CO. PVT Limited only for limited purposes of payin of securities only in CDSL.

- **Internal control adopted to ensure that POA is not misused.**

Since the POA has been taken only for payin of securities only in CDSL as per SEBI norms and not for any other purpose the question of misutilization does not arise.

13. Opening & closing of branches

- **Procedure adopted for opening & closing of branches**

➤ **In case of closure of branches, how and when do you communicate existing clients?**

For opening of branch and sub brokers offices, in accordance to the with BSE circulars and circular reference no. 604, NSE/MEM/9421 dated 31st August 2007, circular reference no 580, NSE/MEM/8607, dated March 02,2007 and circular reference no534 NSE/MEM/7743 dated August 09,2006. Company opted the detailed procedure as prescribed in the above-mentioned circulars. For the closure of the branch and sub brokers office, in accordance with the circular reference number 428, NSE/MEM/5548 dated October 26 2004, all the requirement as prescribed are complied with.

Before closure we informed all the constituents of that sub-brokers about such closure via-emails, telephone etc. so that they can settle their payments/securities due to or due from our us, beside that, we notify the same in regional newspaper of that area where the sub broker carrying on its business about such proposed closure.

For the closure of Branch and sub broker office, in accordance to the circular reference no.428, NSE/MEM/5548 , all the requirements like request from Trading Member for surrender of registration of sub broker, application from sub broker for surrender of registration , public notification, intimating the investors / general public of the surrender, issued in the local newspaper are complied with.

14. Closure of client accounts / dormat account

➤ **What type of documentation (both inward and outward) undertake for closure of account.**

We take a written confirmation from the client for all closure of account.

➤ **In case of dormant account (six month), what extra caution taken before execution of trade in such account**

Any clients who has not traded over six month and have zero balance or insignificant debit or credit balance are treated as dormant accounts. The dealing officials are advised to re confirm the trade request made by such account holders.

➤ **Procedure adopted in case of very old dormant account (2 years old)**

The clients who have not traded over two years are deleted from the server and if client desires to trade new KYC is obtained. Any accounts where there is no trading activity over two years and having no significant balance such accounts are closed on annual closing of books of

account and the balance amount on those account is transferred to Kasar account and such accounts are closed . A letter is obtained from the client to close the account. In case client has not traded over six month such client places the order, re- confirmation is obtained by calling the clients.

15. Receiving and Execution of Orders

➤ Mode of order acceptance at HO/Branches/Sub-brokers office/AP's offices

- The orders will be placed by the respective Dealer as per the instructions from the clients.
- However, it should be made sure that the priced put up should not be unrealistic or not representing the correct market price.
- Everytime before execution of order a final confirmation of the entire order should be made to the client.
- The clients should not be induced to either Buy or sell.

➤ Any document is maintained for the clients who personally walk into the office and place the order?

No documents are maintained for the clients who personally walk into the office and place the order since all our clients are only known closed clients and we do not entertain walk in clients and hence the risk is mitigate to a large extent in this regard.

16. Portfolio Manager

We do not act as portfolio managers and hence no policy or system has been framed in this matter.

17. Brokerage charged:

Brokerage is charged slabwise and are different slabs are applicable to different clients.

These are the maximum brokerage charged by the member and are well within the prescribed limit of the rules

Brokerage rate (all securities/ all segments/ all exchanges)

The standard brokerage rate of the company is as under:

Square up brokerage (first side) 0.10% (minimum 10 np per share)

Square up brokerage (second side) 0.10% (minimum 10 np per share)

Delivery Brokerage 1% (minimum 10 np per share)

No schemes are provided to the clients

18. Client Margin Information

Contract Notes and Margin Information to Client

KMS STOCK BROKING CO PVT LTD will issue contract notes & margin statements to its clients within 24 hours of the trade day. Along with the Combine Contract Note, the client shall also be furnished with a copy of the Combine Daily Margin Statement as prescribed by the Exchanges/SEBI across exchanges/segments, in case of trading done in different exchanges or segments. In case of margin shortage, short margin collection letter will be also issued with margin statement.

19. Collection and reporting of margins

Over the years, there hasn't been much change in our RM policy primarily because we are very conservative and cautious in our client's selection. Since May 2005, there has been clear relaxation from the regulators in terms of enabling brokers to use their prudent decision in terms of collection of margins and settlement funds from the clients as the T+2 environment demands an entirely fresh thinking in terms of risk management compared to older environment of longer settlement cycle. We take margin deposit from trading clients and also deposit the same with BSE as Additional Base Capital which goes towards meeting their margining requirements. For clients delivery based transactions, wherever necessary we take advance shares or funds as the case may be. In many instances we have done pre pay-in of large quantity of shares sold by clients in order to meet high margins. Another good feature that has been put in place by regulators is to bring the CM segment margining in line with FO segment i.e. advance margining system. That has brought a great relief to us brokers and reduced the risk of bad debts. However in our case in almost all Cash Market transactions we either receive the shares and funds (in some cases even advance delivery) on T+1 basis. So the risk is very well controlled. For our NSE F&O segment we strictly follow the rule of advance margining system and have collected sizeable margins from our clients in the form of shares and cash as applicable. Our margin files for NSE F&O segment are regularly being uploaded to the exchange and reflect the true picture of margins lying with us for those respective clients. Also since we are ourselves a DP with CDSL, having most of our client's demat accounts with us; it becomes easier for us to monitor their financial capabilities. Further, in cases of new clients & clients wherever we feel necessary, we hold back their shares till payment is received.

20. Risk Management policy w.r.t. Equity Derivatives ,Currency Derivatives and Commodity Derivatives

Introduction

Investment in securities is susceptible to market risks which cannot be predicted. While the risk of loss is inherent in the market, it is important to note that the Risk Management Policy is not an insurance against losses; these are measures and precautions that are adopted to contain risks to the minimum. The Policy is subject to change according to our risk perceptions of the market and SEBI/Exchange regulations for the time being in force.

KMS STOCK BROKING CO PVT LTD Risk team reserves rights to give exceptions/deviations to this policy at their discretion

Scope

This policy is applicable to Broking Business of KMS STOCK BROKING CO PVT LTD Limited

Scrip Categorization

Scrips margins are primarily based on factors like

VaR margin
Exchange Volume
Exchange Group

However other factors like trading numbers and volumes, market capitalization, profits, track records, shareholding patterns, dividends etc are also considered for determining scrip margins. Based on above parameter scrips are categorized as below. Margins mentioned below may changed time to time at discretion of KMS STOCK BROKING CO PVT LTD.

Category	Margins
Very Low	15%
Low Risk	20%-30%
Medium Risk	40%
High Risk	60%
Cash & Carry	100%

Dealing in Illiquid/Restricted Scrips:

In order to exercise additional due diligence while trading in these securities on behalf of their clients:

- KMS STOCK BROKING CO PVT LTD reserves the right to refuse execution of any transaction requests of the client on such restricted securities or to reduce the open market interests of the client in such securities/ contracts.
- KMS STOCK BROKING CO PVT LTD also reserves the right not to allow any trades or

transactions in respect of certain securities or segments or orders/requests which may be below/above certain value/quantity as may be decided by KMS STOCK BROKING CO PVT LTD Risk Team from time to time.

- Circular or Insider trading is strictly prohibited. Action shall be initiated against any trade resulting in price rigging.
- KMS STOCK BROKING CO PVT LTD shall not be responsible for non-execution/delay in execution of orders in restricted scrips and contracts and consequential opportunity loss or financial loss to the customer. KMS STOCK BROKING CO PVT LTD shall have the discretion to place such restrictions, notwithstanding the fact that customer has adequate credit balance RISK POLICY or margin available in his account and/or the customer had previously purchased or sold such securities / contracts through KMS STOCK BROKING CO PVT LTD itself. KMS STOCK BROKING CO PVT LTD shall have the right to revise the list of such securities / contracts on a periodic basis. For more details, request you to kindly review Terms and conditions (T&C) and Policies and Procedures as specified and displayed on our website from time to time.

Limits & Exposure:

Assigning Trading Limits:

- Margin/Deposit based limits are assigned to the customers for trading purpose.
- Limits are set at 1x of Margin received from the client
- Margins are blocked at scrip level on the position taken by the clients as below
For Cash segment – As per scrip category
For Derivative segment – Initial (SPAN) + Gross Margin (as per exchanges)
- Deposit is calculated at customer level after netting off ledger balance in all Segments and Collaterals pledge with KMS STOCK BROKING CO PVT LTD (after hair cut)
- Additional Limits may be assigned on case to case basis post evaluation of the client profile which shall be solely at the discretion of RMS of KMS STOCK BROKING CO PVT LTD Ltd
- The limit for trading on pledge securities will be given to client on best effort basis only post confirmation of creation of pledge in favor of KMS STOCK BROKING CO PVT LTD. KMS STOCK BROKING CO PVT LTD will not be responsible for any delay or non-receipt of link / OTP from depositors for creation of pledge or non-confirmation of pledge request by the client or due to technical or any other issue at depository as well as at KMS STOCK BROKING CO PVT LTD's end.

Exposure:

Client can take exposure based on Scrip margins.

Cash exposure: Ledger Debit or Stock value (whichever is lower) by paying upfront margin.

Category	Margin(%)	Exposure (Times)
Very Low	15	6.67
Low Risk	20	5
Low Risk	30	3.33
Medium Risk	40	2.5
High Risk	60	1.67
Cash & Carry	100	1

Derivative Exposure: Client can take exposure in derivative segment by paying upfront margin. Exposure depends on Span Margin & Gross Margin.

Margins: Margins are collected upfront from the client before the actual trade.

Type of Margins:

Cash Component

Non-Cash Component

Cash Component:

Ledger Credit

Fixed Deposits

Bank guarantee

Non-Cash Component:

Approved listed securities (after Haircut) in pledge form

Approved Mutual Funds (after Haircut)

Or Any other securities accepted by the Stock Exchanges from time to time

Margins are blocked in each segment as tabulated below:

Segment	Margin %	Remarks
NSE/BSE Equity	Scrip wise fixed margin	As per scrip category
NSE/BSE Derivative	Span + Gross + Additional (if any)	As per Exchange / KMS STOCK BROKING CO PVT LTD
Currency Derivatives	Span + Gross + Additional (if any)	As per Exchange / KMS STOCK BROKING CO PVT LTD
Commodity Derivatives	Span + Gross + Additional (if any)	As per Exchange / KMS STOCK BROKING CO PVT LTD

- Margin Required = Margin on Equity & Derivative Positions
- Margin Available = Margin received from client in form of cash & non cash components
- Margin calls will be made to client in case of any margin shortfall
- **Margin Shortfall = Margin Required – Margin Available**

Intimation:

On best effort basis, clients will be notified of their trades/Risk-square off incase of margin shortfall through E-mail.

Collateral Margins (Margin against Stock)

We understand that not all clients can bring in cash to trade and since securities are assets, we could give margin against such assets for the client to trade. KMS STOCK BROKING CO PVT LTD gives margin to its clients for the exchange approved securities held by the client in their demat account.

Note

- This facility is available only for those clients who have opened a Trading and demat account through KMS STOCK BROKING CO PVT LTD with POA.
- On Clients request through the back office login the shares will be moved from Client Demat account to KMS STOCK BROKING CO PVT LTD Client collateral Account through an Off-Market transfer.
- Such Shares moved for margin can be viewed in the back office login as Pledged Shares
- All pledged stocks will be debited from your demat account until they are unpledged again.
- You would continue to remain the owner of the securities that you have transferred and you will continue to get all corporate actions benefits like dividends, splits, bonuses, etc. by way of a journal entry or shares credit to your trading account ledger.
- Margin Pledging will cost Rs.10 plus GST per scrip irrespective of the quantity and the same will be debited to your DP account Ledger.
- Margins will be provided after the Exchange applicable haircut. Example : Applicable Haircut Percentage: 12.5% Pledge stock worth Rs.1,00,000 Collateral Margin: Rs.87,500.
- You will be able to use this entire margin after haircut for taking intraday or overnight positions in Futures, and for writing Options of Stocks, Index, Currencies & Commodities with an exchange prescribed Cash Collateral ratio of 50:50
- Collateral Margin amount will not be allowed to buy Options & Cash delivery.

Information Related to Settlement of your account

Settlement of Securities

As per the SEBI circular SEBI/HO/MIRSD/DOP/P/CIR/2021/577, settlement of running account for securities has been discontinued because there will not be any change in the ownership of the securities when pledged. Therefore the settlement is applicable only for funds, once in every 30/90 days.

Settlement of Funds

Quarterly settlement is an initiative taken by SEBI and FMC to make sure that the investor's funds and securities are not misused by any member/broker/agent. Quarterly settlement is nothing but transferring the unused funds available in trading account to your primary bank account which is also called as running account settlement.

Conditions for 30/90 days settlement of funds

In case of open position in Derivative segment, apart from the margin that is already blocked, an additional margin of up to 125 % shall be retained. Ex: If the margin blocked is Rs.100 then Rs 100+Rs 125=Rs 225 shall be retained on the day of settlement to take care of any margin/MTM obligation arising in next 5 days. In Capital Market segment, apart from the margin that is already blocked additional margin up to 25% shall be retained.

In case you have not traded for 30 calendar days since the last transaction, the credit balance shall be returned you, resulting in a "Zero" ledger balance at the end of the day. Ex: If you're last trading day is 12th Oct and if not traded till 11th Nov then on 12th Nov the full amount payout will be processed.

In case you are trading regularly, the account has to get settled once in a quarter as per the SEBI guidelines. Email intimation shall be sent to clients before the Quarterly settlement is done which usually is done on 1st or 3rd or 5th Saturday. However, it can be done on a trading day too if there's a settlement holiday on 1st or 3rd or 5th Saturday.

Statement of Funds settlement is mailed immediately after settlement with subject CLIENT :(Client code) DIGITAL RETENTION STATEMENT FOR THIS QUARTER

The settlements are done across segments and across Stock Exchanges

Enclosed: SEBI Circular SEBI/HO/MIRSD/DOP/P/CIR/2021/577 is attached with this Policy for detail understanding.

