

INTELLECT STOCK BROKING LIMITED

RUNING ACCOUNT SETTELMENT POLICY

1. Objective:

- 1.1 Intellect Stock Broking Limited (the “company”) conducts its business to ensure that it settles the obligation due to its client in routine course of business in a timely manner.
- 1.2 As a SEBI Registered Intermediary (Stock Broker, Depository Participant & Portfolio manager), the Company is committed to fulfill such obligation on its own as well as adhere to the guidelines laid by the Regulator and Stock Exchanges. In order to establish highest standards of ethical and market practice this “**Settlement of Running Account policy**” has been formulated under the instructions of the Board Member of the company , in compliance and/or as mandated by Securities and Exchange Board of **India** and The Stock Exchanges, Where the Company is a Trading Member.
- 1.3 The Policy lays down appropriate procedures to settle the obligations of Funds and Securities of the Client on a timely basis as mandated by the clients.

2. Responsibility:

- 2.1 The Compliance Officer shall be responsible for the implementation and supervision of this policy.
- 2.2 The Compliance Officer shall take all necessary steps to report the findings to the Board Members as well as the relevant Stock Exchange and/or regulatory bodies. In a time manner as detailed hereunder and /or as mandated by the Stock Exchanges and/or regulatory bodies.
- 2.3 The Compliance Officer shall ensure implementation of an effective monitoring mechanism, based on the day-to-day activities of the clients.
- 2.4 The Internal Auditor of the company, shall review the implementation, documentation, effectiveness and review the actions taken during the period audit and shall record the observations with respect to the same in their Internal Audit Reports.
- 2.5 The Board of Director shall peruse, review and provide necessary guidance with regards to the “**Settlement of Running Account policy**”, periodically, for strengthening the processes.

3. General Principal of Settlement:

- 3.1 **As per Stock Exchange Rules**, the settlement of funds and/or securities shall be done within 1 working day of the payout. Unless client specifically authorized Intellect Stock Broking Limited in writing to maintain a running account.
- 3.2 In case a client wishes to maintain a running account for its funds and securities with the **(ISBL)** the client has to authorize **(ISBL)** in writing to retain its funds and securities. Such authorization should also contain preference of the client as to whether the settlement of funds and securities should be done on a monthly or quarterly basis with a clause stating that the client may dated and shall be signed by the client only and NOT by any authorized person on his behalf or any holder of the Power of Attorney.
- 3.3 Client who voluntarily opt for maintaining a running account and authorized Intellect Stock Broking Limited for settlement of funds and securities on a running account basis, such accounts have to be compulsorily settled by **(ISBL)** on a monthly/quarterly basis as per the client preference.

3.4 The actual settlement of funds and securities shall be done by **(ISBL)** at least once in a calendar quarter or month, depending on the preference of the client, However, in case of new client who are registered at the end of a month/ quarter, no settlement would be required to be done in the first month /quarter respectively in which the client is registered.

3.5 Stock Exchange Circular mandates settlement shall be for “fund and securities” at least once in a calendar quarter or month. Accordingly the EOD balance of fund and securities of client across all segments across stock exchanges for a particular client shall be considered while settling the account of the client. While settling client accounts, both funds and securities of clients shall be settled on the same day.

3.6 To address the administrative/operational difficulties in settling the account of regular trading clients (active client), the member may retain an amount of up to Rs.10000/- (net amount across segment and across exchanges), only across stock exchanges), only after taking written consent of the client. The above threshold limit on retention of amount shall not be applicable in case of clients who have not traded even once during the last one month/quarter, as the case may be; i.e. settlement shall be done as per the aforesaid SEBI circular, in such cases.

4. Sending of Statement of Accounts for Fund/Securities:

4.1 **(ISBL)** shall send to the client ‘statement of accounts’ containing an extract from the client ledger for funds, an extract from the register of securities displaying all receipts and deliveries of securities and a statement explaining the retention of fund and/or securities at the time of settlement.

4.2 The statement of account sent at time of settlement may be sent in soft form as per the consent obtained from the client and POD/dispatch register/logs of email sent shall be retained by **(ISBL)**

4.3 For clients whose settlement is not required to be done (e.g. Client maintaining bill to bill pay in and pay out), **(ISBL)** shall send statement of accounts for funds/securities at the end of quarter.

4.4 In case a client has not traded during the quarter/month and **(ISBL)** does not hold any funds of securities for client at any point of time during the quarter/month for which settlement needs to be done, then **(ISBL)** may decide not to issue statement of account to the client.

5. Value of Fund/Securities that can be retained while settling the settlement

5.1 As per Stock Exchanges Circular, for the clients having outstanding obligations on the settlement date, **(ISBL)** may retain the securities/funds towards such obligations and may also retain the funds expected to be required to meet margin obligations for next 5 trading days, calculated in the manner specified by the exchanges.

5.2 Accordingly the following funds/securities may be retained by **(ISBL)** at the time of settlement:

- Entire pay-in obligation of fund & securities outstanding at the end of day on date of settlement
- Funds/securities to the extent of value of transactions executed on the day of such settlement in the capital market
- In derivative segment apart from margin liability as on the date of settlement, additional margins (maximum up-to 225% of margin requirement on the day of settlement)

- 5.3 While computing the value of securities, the closing rate for the trade date prior to the settlement date (T-1 day) shall be considered after appropriate hair-cut viz. VaR margin rate applicable for the security in the Capital Market Segment.
- 5.4 **(ISBL)** may apply hair cut in excess of VaR rate on a regular basis then such higher rate may be considered for determining the amount to be retained, provided **(ISBL)** has intimated the requirement of additional margins to the clients through the policy and procedures document and consistently through the daily margin statement issued to clients.
- 5.5 No inter client adjustment shall be done for the purpose of setting client accounts.
- 5.6 In case **(ISBL)** issue cheques in favor of the client, settlement will be deemed to have done only if such cheque is cleared within a reasonable period
- 5.7 In case of settlement done on trading holiday(s), T day to be considered for margin/turnover, etc' would be the previous trading day.
- 5.8 In case **(ISBL)** has created Fixed Deposit Receipt out of the funds received from the client then the same shall be settled as part of the settlement process.
- 5.9 Illiquid/volatile scrip's VaR margin (hair cut) as 100% shall be returned to the client if adequate securities are available with **(ISBL)** as per its Risk Management System.
- 5.10 Obtaining of authorization from the clients to the effect that no settlement need be done for particular month(s)/ quarter(s) is contradictory to the SEBI requirement and hence such request shall not be entertained from the client.

6. Contents of the statement of accounts sent to client(s) at the time of settlement

- 6.1 Transactions/MTM/margins debited and reversed/pay in and pay out of funds for the period from the date of last settlement done till the current settlement date.
- 6.2 Security wise pay in pay out/securities retained as margin/securities pledged for the period from the date of last settlement done till the current settlement date.
- 6.3 Closing balance of funds/securities available with **(ISBL)** on the date of settlement.
- 6.4 An error reporting clause giving clients not less than 15 working days from the date of receipt of funds/securities or statement, to bring any dispute arising from the statement of account or settlement so made to the notice **(ISBL)**
- 6.5 A clause intimating the client that the client has provided a running account authorization which can be revoked at any time.
- 6.6 In addition to the statement of account for funds **(ISBL)** shall provide to their clients a statement explaining the retention of fund/securities.

7. Management Information System (MIS):

- 7.1 A Detailed MIS Report shall be submitted by the Associated Compliance Officer to the Compliance Officer. The Compliance Officer shall apprise the Designated Director of the exception(s) noticed, if any as also the Actions taken by him/her.