



Internal Settlement Close Out Policy

(RKSV Securities India Pvt. Ltd. *herein* referred to as Upstox)

As per the Exchange Settlement Norms the Pay in Obligation for securities are netted at member level and only net obligation is delivered to the exchange. Within Upstox in any given script there could be opposite positions (Buy viz-a-viz Sell) which then necessitates internal netting. However during the internal netting if any seller client defaults in delivering the shares to the purchasing client the same shall lead to internal shortage/s. Such shortage would be settled as given below:

- a. If on the settlement day, any client short delivered any security/ies against its obligation towards counter party then such contract shall be closed out at the auction price, however if the auction price is not available then at the highest rate at which the script traded on the settlement date.

Once the contract is closed as per the process mentioned above, no obligation to deliver / receive security/ies shall remain for either parties. Parties shall not have any claim against Upstox for executing close out due to such shortage/s.

Currently no penalty shall be levied on such close out transaction/s, however Upstox may charge penalty only by updating such rates in the said policy. (Penalty shall be levied on the defaulting client (seller) only).