

Internal Settlement Close Out Policy

(RKS SV 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. Upstox has revised its policy for settling transaction/s which remains unsettled due to internal shortages 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 close out rate as published by the exchange (First preference shall be given to NSE close out rates) on the settlement date i.e. at the close out rate on the settlement day the Seller ledger shall be debited (No. of shares X Close out rate) and the corresponding Buyer account shall be credited to that effect.
- b. In case, close out price is not available, the auction price of the script on the settlement date shall be taken as reference and settled accordingly.
- c. Further if both close out price and auction price is not available on the settlement day, we shall process the closeout at a rate which shall be 20% above the closing price on the settlement day of such security/ies.

Once the contract is closed as per the process mentioned above in point a, b & c, 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).