



# AFFINITY SECURITIES PVT. LTD.

Shaila Towers, Room # 903, J1/16 EP Block, Salt Lake, Kolkata – 700091

CIN No. U67190WB2010PTC153468

## **POLICY ON ACTUAL SETTLEMENT OF FUNDS & SECURITIES**

### ➤ **INTRODUCTION**

Affinity Securities Private Limited (herein referred to as “ASPL”) is a SEBI Registered Intermediary who is committed to fulfill its obligations on its own as well as adhere to the guidelines laid down by SEBI and Exchanges regarding the actual settlement of fund and securities of clients’ account.

The policy lays down appropriate procedures for settlement of running account of clients.

### ➤ **OBJECTIVE**

SEBI vide its Circular no. MIRSD/SE/Cir-19/2009 dated December 03, 2009 has specified that the settlement of funds and securities shall be done within 1 working day of the payout, unless client specifically authorizes the trading member in writing to maintain a running account.

In case a client wishes to maintain a running account for its funds and securities with ASPL, the client has to authorize ASPL 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 of client’s account should be done on a monthly/quarterly basis with a clause stating that the client may revoke the running account authorization at any time and change his/her/their settlement preference by giving a notice in writing. The authorization shall be dated and shall be signed by the client only and not by any other person on client’s behalf.

In view of above, client whose funds and securities are maintained on a running account basis shall be settled by ASPL at least once in a calendar quarter or month, depending on the preference of the client; as indicated by the client in the “Running Account Authorization letter”.

ASPL needs to consider the End of Day (EOD) balance of funds and securities of clients across all segments / Exchange(s) while settling the client accounts. While settling client accounts, both funds and securities of clients are to be settled.

SEBI vide its Circular no. CIR/HO/MIRSD/DOP/CIR/P/2019/75 dated June 20, 2019 has amended the settlement mechanism of client securities which has been purchased by clients through their stock brokers. In accordance with the said latest SEBI circular client securities shall be compulsorily transferred to their respective demat account within one working day of receipt of securities as payout from clearing corporation/clearing house. For unpaid client securities maximum retention time limit will be upto T+2+5 trading day and shall be dealt as per aforesaid SEBI circular read with our RMS policy. The client securities received as collateral shall be settled at least once in a calendar quarter or month, depending on the clients’ preference.



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With introduction of mandatory collection and reporting of margin from clients in capital market segment, NSE vide its circular no. NSE/INSP/43250 and BSE vide its Notice no. 20200116-44 both dated January 16, 2020. has amended the settlement mechanism of client accounts and released an updated list of retention of funds and securities.

## ➤ **PERIODICITY OF SETTLEMENT**

All client accounts need to be settled at least once in a calendar quarter or month, depending on the preference of the client; as indicated by the client in the “Running Account Authorization letter”.

## ➤ **SETTLEMENT PROCESS**

- ❖ *All funds and securities shall be settled on a single day i.e. settlement day.*
- ❖ *Available Ledger Credit and unencumbered Cash & Securities Margin lying in client’s account on the day of settlement will be settled. (Available Ledger Credit will not include T & T-1 day Bill of Cash Segment and T day bill of Derivatives segment; in case if bills are booked on Trade Date).*
- ❖ *Settlement of funds and securities shall be done on any day fall under the respective month/quarter and or the last day of the month or quarter.*
- ❖ *End of Day (EOD) clear balance across all segments and all exchanges shall be considered for settlement.*

## ➤ **VALUE OF FUNDS/SECURITIES THAT CAN BE RETAINED WHILE SETTLING THE CLIENT ACCOUNT**

Out of the EOD ledger credit balance of client account on the settlement day, following can be retained by ASPL:

- ❖ *Entire pay-in obligation of funds & securities outstanding / unsettled at the end of day on date of settlement in all segments / Exchange(s).*
- ❖ *In case client is having any Derivative Position/margin obligation in any segment then fund and Securities up to 225% of margin requirement can be retained on settlement day in addition to the mark-to-market obligation on the settlement date.*
- ❖ *ASPL may retain an amount upto Rs. 10,000/- (net amount across segments and across stock exchanges) of client account provided written client’s consent is obtained.*



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## ➤ **SETTLEMENT OF FUNDS AND SECURITIES OF DORMANT / INACTIVE ACCOUNTS:**

- ❖ *All client accounts need to be settled on monthly or quarterly basis (as per client preferences) as per the regulatory guidelines.*
- ❖ *In case of non-availability of bank/demat details of Dormant / Inactive accounts, follow up should be done with the account holders for updating the same in order to settle their accounts.*
- ❖ *In case of non-traceability of Dormant / Inactive account holders, their assets should be kept in a separate Client Bank account (for funds) and separate Client Collateral Demat account (for securities). Maintain UCC/BO ID wise audit trail for in/out of funds/securities from such accounts and submit the report of the same to the exchanges on quarterly basis.*
- ❖ *The settlement of such non-traceable accounts should be done as soon as any claim is received from the respective clients.*

## ➤ **SENDING STATEMENT OF ACCOUNTS TO CLIENTS**

ASPL shall send to the client 'Statement of Accounts' containing an extract from the client ledger for funds, and extract from the register of securities displaying all receipts and deliveries of securities and a statement explaining retention of funds and securities at the time of settlement.

The statement shall contain a clause intimating the client that the client's running account authorisation would continue until it is revoked by them.

The statement of account sent at the time of settlement may be sent physically or electronically as per the consent obtained from the client.

For clients who have not maintained running account, ASPL shall send 'Statement of Accounts' to them on monthly/quarterly basis.

Proof of sending such statements have to be maintained.

## ➤ **NON-APPLICABILITY OF ACTUAL SETTLEMENT OF CLIENT ACCOUNT**

Periodic Settlement as per SEBI Circular no. MIRSD/SE/Cir-19/2009 dated December 03, 2009 is not required to be done in the following cases:

- ❖ *Institutional Clients*
- ❖ *Clients settling trades through "Custodians"*
- ❖ *Debarred Clients.*
- ❖ *Margin received from clients in the form of Bank Guarantees and Fixed Deposit Receipts.*