

Internal Settlement Close Out Policy

(Upstox Securities 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 (T+1), any client short delivered any security/ies against its obligation towards the counter party then such contract shall be closed out at the auction price, if auction price is not available then at the highest rate at which the ISIN traded on the T day / T+1 day. This has been explained in the table below:

Script Name	Day	Open	Close	Day's High
XYZ Ltd.	T day	100	99	102
XYZ Ltd.	T+1 day	99	104	105

First preference would be given to rates available on NSE and next on BSE.

For close out purpose the rate of Rs. 105 would be considered and accordingly sellers ledger would be debited with close out bill (No. of Shares X Rs. 105) and similarly buyers account would be credited with close out bill.

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).