

RBG Financial Services Private Limited

INTERNAL CONTROL POLICY

(A) TERMINAL

Terminals will be issued only to NCFM / NISM Certified approved users. The same will be given only after checking the validity of the certificate. At the time of allotment of the Terminal, intimation and / or approval would be required from the NSE.

(B) PAYIN-IN / PAYOUT

If there is a debit in the clients account, the payout of securities would be held back will the extent of debit and only the balance would be transferred to the client beneficiary account. In the interim, the shares would be transferred to a clients beneficiary account and would be held there till the debit balance is cleared and / or the shares are sold and squared off.

Payin of the securities and funds would be only from designated account. Payin received from any other non designated source would be considered as a third party payin and would not be considered for the purposes of payin.

Demand drafts would be accepted only in exceptional circumstances and would be taken only with a confirmation letter from the Bank confirming the account of debit.

(C) INTERNAL CLOSE OUT POLICY

Internal shortage is shortages created due to the buyer and the seller both being clients of M/s. RBG Financial Services Private Limited and the seller failing to deliver the securities sold by them for any reason.

A client selling securities naked short (without previous purchases or delivery in hand) and not delivering, results in the buyers not receiving the securities payout and receiving internal close out credit. To avoid misuse of the short selling, the following is being implemented with immediate effect.

1. Close out price will be the Highest Weighted Average price for any day recorded in the scrip from the trading day on which the transaction took place upto the day of auction or the closing price on the day of auction i.e. T+3 + 2% (for NIFTY INDEX scrips) and 5% (for other scrips).

To summarise the buyer will get credit as given below :

Highest Weighted Average price (T to T+3) or closing price on T+3 (whichever is higher), + 2% (for NIFTY INDEX SCRIPS)

Highest Weighted Average price (T to T+3) or closing price on T+3 (whichever is higher), + 5% (for OTHER SCRIPS)

The seller will be debited by the same amount + 0.50% penalty.

2. Clients whose payin shortages exceed value of Rs.1,00,000/- and have confirmed naked short selling will be suspended for 1 day after the payin day. (genuine clients who are short due to legitimate reasons will not be effected in any way).