



Policy on Actual Settlement of Funds

Mathisys Quantcap LLP



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1. Introduction:

According to SEBI circular MIRSD/ SE /Cir-19/2009 dated December 3, 2009 and SEBI/HO/MRD/DP/CIR/P/2016/135 dated December 16, 2016, the settlement of funds and / or securities shall be done within 1 working day of the pay-out, unless client specifically authorizes the trading member in writing to maintain a running account.

Accordingly, we at Mathisys Quantcap LLP (MATHISYS) follow the policies guided by regulators from time to time.

Post implementation of SEBI circular CIR/HO/MIRSD/DOP/CIR/P/2019/75 dated June 20, 2019 and after introduction of pledge / repledge mechanism in the depository system running account settlement for securities has been discontinued and therefore, SEBI circulars dated December 03, 2009 and September 26, 2016, are now applicable for settlement of running account of client's "funds" only.

In case, if a client wishes to maintain a running account for its funds with Mathisys Quantcap LLP, the client has to authorize us in writing to retain its funds. Such authorization is a part of our KYC document which is as below:

- Mandate of the client as to whether the settlement of funds should be done on monthly / quarterly basis.
- The Client may revoke the authorization at any time (i.e. without notice)

2. Pledging / repledging of Securities at the time of settlement

SEBI vide its circular SEBI/HO/MIRSD/DOP/CIR/P/28 dated February 25, 2020 has allowed pledging of client securities for margin purposes. While pledging securities, the shares remain in the demat account of the client and a pledge is created in favour of Mathisys Quantcap LLP in the depository system. As per SEBI circular dated

SEBI/HO/MIRSD/DOP/P/CIR/2022/101 dated July 27, 2022, the settlement process needs to be carried out for funds only hence excess securities (in the form of margin pledge/repledge) after adjustment of the 225% of the margin liability will not be unpledged for the purpose of periodic settlement.



Further, the value of securities (after applying appropriate haircut) accepted by Mathisys Quantcap LLP as collateral from the clients by way of 'margin pledge', is adjusted/ considered towards margin liability while doing the settlement of accounts, even if the same is not repledged with clearing corporation.

3. Payments modes while settling client accounts :-

For the purpose of settlement of funds, the mode of transfer of funds shall be by way of electronic funds transfer viz., through National Electronic Funds Transfer (NEFT), Real Time Gross Settlement (RTGS), only.

In case of failed payment due to any reason, we follow a mechanism through physical payment instrument. We ensure to maintain adequate record / logs for the same.

Further, in case of failure of electronic payment instructions due to incorrect bank account details, we obtain correct bank details from clients by sending an Email/Speed post requesting for updated records. A sufficient audit trail in this regard is also maintained by us. In case we are not able to obtain updated bank details we park those funds in a respective designated bank account.

4. Actual settlement not required in the below cases :-

As per the SEBI circular the actual settlement is not required to be done for the clients falling under the below categories:-

- a) Clients settling trades through "custodians."
- b) Margin received in the form of Bank Guarantees (As per revised SEBI circular SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/061 dated April 25, 2023 Mathisys Quantcap LLP will withdraw all BG created out of client funds before September 30, 2023) and Fixed Deposit Receipts, which are created by clients.
- d) Cheques received by the Mathisys Quantcap LLP from its clients and credited in the respective client ledger but uncleared on settlement date.
- e) In the case of new client, no settlement would be required on first settlement date (i.e. first Friday of the Month or Quarter as per the preference of client) immediate after registration of client.



5. Methodology followed at Mathisys for Actual settlement.

The following process is followed at Mathisys for Actual settlement of funds in view of recent regulatory updates.

- As per recent regulatory guidelines, settlement is applicable for client funds only.
- Collateral from client will be accepted only by way of 'margin pledge' created in the Depository system.
- Funds will be settled after considering the EOD ledger balance as on the settlement date across all the exchanges.
- MATHISYS may retain Entire pay-in obligation of funds outstanding at the end of the day, on the date of settlement, across all segments and Exchanges.
- MATHISYS shall also retain 50% of end of the day (EOD) margin requirement as cash margin, excluding the margin on consolidated crystallized obligation/ MTM.
- Apart from 50% cash margin mentioned in the above point, member may also retain 225% of EOD margin (which includes additional 125% margin) reduced by 50% cash margin and the value of securities (after applying appropriate haircut) accepted as collateral from the clients by way of 'margin pledge' created in the Depository system for the purpose of margin and value of commodities (after applying appropriate haircut).
- value of MFT Debit balances is not adjusted against the Non-MTF balances while settling client accounts.
- As per the regulatory guidelines we do not retain any amount towards administrative / operational difficulties in settling the accounts of regular trading clients
- Inter client Adjustment / passing of journal entries are not considered for Actual settlement purposes.
- On settling client funds, we have a practice of sending an intimation to the client by SMS on mobile number and also by email.



6. Single day Settlement :-

As per SEBI Circular No. SEBI/HO/MIRSD/DOP/P/CIR/2022/101 dated July 27, 2022 and Exchange Circular NSE/INSP/53115 dated July 27, 2022 regarding “Settlement of Running Account of Clients’ Funds lying with Trading Member (TM)”, we have been carrying out the settlement of running account of clients’ funds on the first Friday of the Quarter (i.e., Apr-Jun, Jul-Sep, Oct-Dec, Jan-Mar) for all the clients who have opted for quarterly settlement i.e., the running account of funds shall be settled on first Friday of October 2022, January 2023, April 2023, July 2023 and so on. If first Friday is a trading holiday, then such settlement shall happen on the previous trading day as per the preference opted by the client

For clients, who have opted for Monthly settlement, running account shall be settled on first Friday of each month. If first Friday is a trading holiday, then such settlement shall happen on the previous trading day.

7. **Sending statement of Accounts and Retention statement to clients:-**


As clarified by the Exchange in its circular NSE/INSP/47227 dated February 03, 2021, we send a complete ‘Statement of Accounts’ for funds, securities and commodities in respect of each of its clients on weekly basis on or before the next four trading days of subsequent week. Further, we also have a practice of sending ‘statement of accounts’ containing an extract from the client ledger for funds, an extract from the register of securities/commodities displaying all receipts and deliveries of securities/commodities and a statement explaining the retention of funds/commodities within 5 days from the date of settlement. The statement of accounts are sent in hard or in soft form as per the consent obtained from the client and POD / dispatch register / logs of email sent should be retained by us.

8. **Format of the retention statement sent to the clients is as below :-**

RETENTION REPORT

(A) Total value of clients funds available

Particulars	Amount	Amount
Unencumbered balance in client ledger (after reversing value of unsettled bills if any in case of	XXXXX	



trade day billing and margin amount if debited in client ledger)		
Unencumbered balance in margin ledgers	XXX	XXXX

Total

XXXX

(B) Value of securities pledged/ repledged and value of commodities

Particulars **Amount (Rs.)**

Value of securities (after applying appropriate haircut) accepted as collateral from the clients by way of 'margin pledge'	XXX
Value of commodities (after applying appropriate haircut)	XXX

Total value of securities pledged/ repledged and commodities (b)

XXXX

(C) Explanation regarding retention of funds

Particulars Amount	NSECM	NSEFO	NSECD	BSECM	MCXCD	NCDX	MCDX
T Day Funds Pay in obligation(c)	X	X	X	X	X	X	X XX
T-1 Day Funds Pay in obligation(d)	X	X	X	X	X	X	X XX
50% of end of day(EOD) Margin Liability (e)							
225% of T Day Margin Requirement (f)							
225% of T Day Margin Liability in all segments across Exchanges (after reducing 50% of EOD margin and the value of securities accepted as collateral from the clients by way of 'margin pledge' and value of commodities) (g=f-e-b)							
Other Segment Ledger Debit							



Provisional Charges									
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Maximum Funds that can be retained (h=c+d+e+g)
XXXX

(D) Retention of funds (value)

Value of funds received from client - retained	XX
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TOTAL RETENTION	(E) Details of payout to client	XX
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Funds released	XX
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Total funds released	XX
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(F) Amount not required to be returned

Exchange	Bank Name	FD/BG No	Maturity Date	FD/BG Amount
BG Detail				
Value of BG's received from client - not required to be returned				XX

FD Details				
MTF				XX
NSECM				XX

Mathisys Quantcap LLP