Running Account Settlement Policy

Reference: SEBI Circular No. SEBI/HO/MIRSD/DOP/P/CIR/2022/101 dated July 27, 2022
Link: SEBI Circular on Settlement of Running Account

Objective

This policy aims to ensure fair and transparent handling of client funds by outlining the frequency and manner in which Samco Securities settles the running account of client funds as per SEBI's regulatory guidelines.

Scope

This policy applies to all Samco clients holding credit balances in their trading accounts across all recognized stock exchanges and segments.

Definitions

- Running Account: A client account where unutilized funds may be retained by the trading member to facilitate future trading.
- EOD Obligations: End-of-Day margin requirements or dues calculated on a trading day.

Settlement Mechanism

Samco ensures running account settlement based on client activity status and SEBI-mandated timelines:

A. Monthly Settlement (Inactivity-Based)

- Applicable to clients with no trades across any segment for 30 calendar days.
- Unutilized credit balances will be returned to the client's registered bank account on the first Friday of every month.
- Funds will be credited within the next 3 working days.
- Objective: Prevent idle funds from remaining with the broker unnecessarily.

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Example:

If a client holds ₹50,000 as of April 1st and does not trade until May 1st, this balance will be settled and credited to the client's bank account by the first week of May.

B. Quarterly Settlement (For Active Clients)

- Clients actively trading will undergo settlement on a quarterly basis, i.e., on the first Friday of January, April, July, and October.
- Settlement is done after adjusting for all EOD obligations and margins.
- Ensures regular return of unutilized funds while supporting continued trading.

Example:

An active client trading regularly will have any unused balance adjusted and returned in the quarterly cycle, e.g., on the first Friday of July, even if there's a substantial unutilized amount in April

Retention of Funds and Securities (SEBI-Compliant)

As per SEBI regulations, Samco may retain client funds only to the extent necessary. The permissible retention includes:

Pay-in Obligations

- Entire fund pay-in obligation outstanding as of T day and T-1 day (i.e., trade date and the day prior).

Margin Liability

- Margin liability on the date of settlement, across all segments and exchanges.
- Additional margins up to 125% of total margin liability can be retained.
- Total permissible retention = 225% of total margin liability (excluding MTM and pay-in).

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Retention Calculation

Computation formula for Excess Client Funds:

Scenario	Pay-in Obligation (A)	Margin Liability (B)	225% of B (C)	Securities Value (D)	Fund Balance (E)	Excess Retained (F)
1	₹1,10,000	₹1,00,000	₹2,25,000	₹2,00,000	₹3,00,000	₹1,65,000
2	₹50,000	₹20,000	₹45,000	₹15,000	₹50,000	₹0
3	₹1,50,000	₹1,00,000	₹2,25,000	₹2,80,000	₹1,80,000	₹30,000

Note: In Scenario 3, excess securities of ₹55,000 (i.e., ₹2,80,000 - ₹2,25,000) need not be unpledged.

Adjustment Process

- Samco will first adjust pledged securities (after applying appropriate haircut).
- Remaining margin requirements will be met using client funds.
- Any excess securities or collateral (cash equivalent) identifiable to the client and deposited with the Clearing Corporation need not be unpledged.

Communication and Confirmation

- Clients will be notified via email/SMS upon each settlement.
- A statement of account will be provided post every settlement for transparency.

Note: Samco shall review this policy annually or upon any changes in SEBI regulations.