

NAME OF THE STOCKBROKER

**POLICY ON HANDLING OF VALID TILL DATE
(VTD) ORDERS**

POLICY CONTROL

Version: 1.0

Version Date: _____ (Date of Passing Board Resolution)

Approved by: Board of Directors

Department in Charge:

Frequency of Review: Yearly or as and when any update comes change in the Relevant Regulation comes or any change in the Company's internal control or Structure whichever is earlier.

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POLICY ON HANDLING OF VALID TILL DATE (VTD) ORDERS

I. OBJECTIVE:

TO establish a uniform framework for handling Valid Till Date (VTD) orders offered to clients, ensuring transparency, minimizing risks arising from corporate actions, and complying with regulatory requirements.

II. BACKGROUND:

The Securities and Exchange Board of India (SEBI) observed that certain members offered Good Till Cancelled (GTC), Good Till Triggered (GTT), or similar types of orders that allowed clients to place buying and selling orders specifying both the price and the time frame for which the order would remain valid on the Stock Exchange platform. However, such orders could lead to absurd trades during corporate actions (e.g., stock splits, bonus issues, or rights issues), exposing investors to potential losses. Since the handling of such orders varied among members, SEBI, in consultation with the Broker's Industry Standards Forum, mandated members offering these services to formulate a uniform policy for their management.

This policy ensures consistent handling of such orders, reduces investor risks, and adheres to regulatory requirements.

III. PURPOSE:

This policy establishes the procedures for managing Valid Till Date (VTD) orders, particularly during corporate actions such as stock splits, bonus issues, and other events affecting financial instruments.

IV. SCOPE:

This policy applies to all VTD orders offered by (Name of the Stock broker), ensuring uniform handling in scenarios impacted by corporate actions such as stock splits, bonus issues, rights issues, mergers, and demergers, or changes in circuit limits.

V. DEFINITIONS:

Valid Till Date (VTD) Orders: Orders that remain valid until the specified date, subject to conditions. Corporate Actions: Events such as stock splits, bonus issues, rights issues,

mergers, change in the circuit limit or other similar actions affecting the financial instruments held by investors.

VI. ORDER HANDLING PROCEDURES:

Order Cancellation

- **Criteria for Cancellation:** Automatically cancel any pending VTD orders impacted by any corporate actions.

Corporate actions that lead to order cancellation include splits, bonus, rights issues, mergers, damage, change in the circuit limit and any event that alters the terms of the securities.

- **Client Notification:** Notify the client of the order cancellation via email / In app notification / SMS.

The notification must include:

1. Details of the corporate action.
2. Reason for the order cancellation.

Timing: The email notification must be sent at least one trading day before the ex- date of the corporate action. Only working days are considered for these notifications.

Buying VTD (Valid Till Date) Orders: This option allows clients to place a buy order valid for the next trading day due to Bill-to-Bill Settlement unused funds from previous transactions are credited to the client's account on the same day.

Condition: Clients must ensure that sufficient funds are available in their demat account between 8:00 AM — 9:00 AM on the next trading day. If funds are not credited within this timeframe, the buy VTD order will be rejected.

Selling VTD (Valid Till Date) Orders: A selling VTD order is valid for up to 45 days.

Conditions: The order remains valid unless: A corporate action occurs (e.g., stock split, bonus issue, rights issue, merger, demerger). A change in the circuit limit affects the trade. In such cases, the order may be cancelled or modified to prevent any adverse impact.

VII. CLIENT NOTIFICATION:

Notification Process: (Name of the Stock Broker) will notify clients about the impact of corporate actions on their VTD orders via email, in-app notifications, or SMS. The notification will include details of the corporate action and reason for order cancellation.

Timing of Notifications: Notifications will be sent at least one trading day before the ex-date of the corporate action. Only working days will be considered for this purpose.

VIII. POLICY INTEGRATION:

New Clients: This policy will be included in the Account Opening Form/Kit under the heading: "Policy on Handling of Valid Till Date Orders of Clients."

Existing Clients: (Name of the Stock Broker) will notify all existing clients of this policy through email or other suitable mechanisms, such as physical delivery, SMS, or electronic instant messaging services, as prescribed under Exchange Circular NSE/INSP/52604 dated June 10, 2022. In case of undelivered communication, alternate channels will be used to ensure the client is informed.

Website and Trading Application: The policy will be prominently displayed on the (Name of the Stock Broker) website.

IX. RECORD MAINTENANCE AND COMPLIANCE:

(Name of the Stock Broker) will maintain a record of all communications sent to clients regarding VTD orders and their handling during corporate actions. Updates to this policy will be communicated promptly to clients.

(Name of the Stock Broker) will conduct periodic reviews to ensure adherence to this policy and compliance with regulatory guidelines.

X. CLARIFICATION/INFORMATION:

In case of any clarification/information required on the implementation of the Policy, please contact the Risk head / Compliance Officer on Email - _____, Tel No. _____.

XI. REVIEW:

The said policy shall be reviewed by the Board of the Directors on a yearly basis or as and when any update comes change in the Relevant Regulation/Circular comes or any change in the (Name of the Stock Broker)'s internal control or Structure.

The Compliance officer has the authority to give directions to undertake additions, changes, and modifications, etc. to this Policy, and the same shall be effective per the authority of the Compliance Officer and thereafter be ratified by the Board of the Directors at its next review.

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