

# **INDO THAI SECURITIES LTD.**

## **Policy for Withholding of Sale Proceeds of Securities**



**Policy for Withholding of Sale Proceeds of Securities in which Unsolicited Messages are being Circulated**

*(Pursuant to NSE Circular No. NSE/INVG/37765 dated May 15, 2018 and BSE Notice No. 20171117-18 dated November 17, 2017)*

**1. Legal Framework**

This Policy for Withholding of Sale Proceeds of Securities in which Unsolicited Messages are being Circulated ("Policy") aims to provide a framework to Indo Thai Securities Limited (the "Company"), as a Trading Member, in accordance with the instructions issued by NSE vide Circular No. NSE/INVG/37765 dated May 15, 2018 and BSE vide Notice No. 20171117-18 dated November 17, 2017, and authorized by the Board of Directors on its meeting dated May 26, 2018.

**2. Objective**

The objective of this policy is to advise its clients to remain cautious on the unsolicited messages ("SMS Stocks") being circulated by unregistered/ unauthorized entities as well as to carry out necessary due diligence and accordingly take actions, as required by the said exchanges, before releasing the pay-out to its clients. It is intended to serve as a surveillance measure with a view to ensure market safety and safeguard interest of investors.

**3. Definitions**

- i. **"Designated Bank Account"** means Bank account opened with any scheduled commercial bank exclusively for the purpose of giving effect to this policy."
- ii. **"Stock Exchange(s)"** means Stock Exchanges where the Company is a Trading Member."
- iii. **"Policy or this Policy"** means the Policy for Withholding of Sale Proceeds of Securities in which Unsolicited Messages are being Circulated."
- iv. **"Significant Selling Concentration"** means selling concentration involving more than 25% of the total volume (number of shares) of SMS Stock in all the Stock Exchanges".
- v. **"SMS Stock"** are unsolicited messages being circulated by unregistered / unauthorized entities and published from time to time on trading terminals as well as on the home page of the Stock Exchanges' website, *inter alia*, cautioning the market participants against SMS tips."

#### **4. Scrutiny to be carried out**

In case the Company suspects that there is an unusual trading pattern by any client then it shall release the payout to the client only after carrying further scrutiny in the following manner:-

- a) Scrutiny of KYC documents to compare income range declared and value of such transaction,
- b) Whether the client is individual or Private Corporate Body,
- c) Whether the client is directly/indirectly connected to the company/ promoters/ directors of the company, etc.
- d) Method of acquisition of shares by client - whether on-market/off-market/IPO/Preferential allotment,
- e) Whether source of funds and period of holding is not in line with the client's usual behavior.

#### **5. Scope and Procedure**

The Company shall ensure that SMS Stocks be disabled for trading, as required by the said circulars. If, in spite of such disablement, any client transacts in such SMS Stocks then the following steps shall be taken:

- a) The Company, having significant selling concentration of clients in the SMS Stocks, shall withhold the sale proceeds of the clients and transfer the same to the designated Bank Account earmarked for this purpose.
- b) Proceeds of SMS stocks shall be transferred to designated bank account, irrespective of whether the client continues to trade with the Company or not.
- c) In the event where the client has closed his trading account, the Company shall make all efforts to bring the funds back from clients, failure of which shall cause the Company to transfer its own funds to the extent of deficit to the designated bank account.

#### **6. Designated Bank Account**

- a) The Company shall open designated bank account with any scheduled commercial bank, if any transaction involving significant selling concentration takes place after May 15, 2018.
- b) The Company shall submit a confirmation to the Stock Exchanges after transferring the requisite funds to the designated account.

- c) The Company shall submit duly certified letter from designated bank confirming the Exchange wise balance on a monthly basis.
- d) The Company shall not be allowed to withdraw funds out of the designated account until further directions.
- e) The Company shall intimate all communications with respect to the above on [inv@nse.co.in](mailto:inv@nse.co.in)

## **7. Review**

The Board of Directors shall be responsible for the administration, interpretation, application and review of this policy. The Board also shall be empowered to bring about necessary changes to this Policy, if required at any stage with the concurrence of the Compliance Officer (Broking).

**//The End//**