



O3 Securities Private Limited (O3 Securities)

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Policy on Buy/Sell Trades Order Placement and Addressing Deviations

Version Control Matrix

Name of the Document	Policy on Buy/Sell Trades Order Placement and Addressing Deviations
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Version Tracking

Version	Owner of this Manual	Approved by
1.0	Principal Officer and Compliance Officer	Board of Directors

Introduction:

SEBI circular SEBI/HO/IMD/IMD-I DOF1/P/CIR/2022/133 dated September 2022 has mandated all the Portfolio Managers to have a policy which details the rules for placing orders on behalf of the clients in specific situations or scenarios.

Policy Framework:

- All securities including cash and cash equivalents for clients are kept in Bank and Demat accounts maintained in Client's own name. The Portfolio Manager opens a separate Demat and Bank account for every single client. Additionally for all Non-Resident Clients, a Trading account is opened.
- HDFC Bank and Kotak Bank has been appointed as our custodian for PMS Operations. For transactions in resident client accounts, the Portfolio Manager follow the pool facility with our custodian. When transactions are to be done in a particular stock to either buy or sell, allocations are done proportionately but the trades get executed in the name of the Portfolio Manager. Once executed, the stocks or cash are allocated proportionately as per the allocation. This allows for smooth transactions and also allows for uniformity in price and allocation of quantity of shares that have been executed.

For NRI client accounts, the transactions cannot be pooled and hence are always done separately.

- When transactions take place, the buy and sell orders are generated from Wealth Spectrum and sent to the fund manager for final approval.
- They are then emailed to the broker for execution. Usually, the orders are sent to be executed at CMP (which stands for Current Market Price). If there are any modifications to this because of sharp move in price in either direction or if there is a block available; the broker usually calls the Dealer to check if there is any change to the price that needs to be made. Once confirmed or changes are approved, the broker then goes ahead and tries to execute the same.

The specific situations/scenarios where deviations may happen are as follows –

Partially Filled Orders:

- When an order is placed to buy or sell a particular stock and if the order is only partially filled and it's not possible to allocate to all the accounts involved, we allocate in an ascending order i.e., smallest to largest trade size. This allows us to complete more orders fully compared to a few partially filled orders and a few orders with no fills.
- When an order is placed to buy or sell a particular stock and if the order is only partially filled to the extent that the minimum order fill value. We once again allocate in ascending order i.e., smallest to largest trade size. This allows us to complete more orders fully compared to a few partially filled orders and a few orders with no fills.
- There may be instances, at the end of the day, when we receive notification from custody that an account has been frozen by NSDL or there is a shortfall of cash in a particular account and in such a scenario, we then proportionately allocate those quantities to other clients.

- **On Margins:**

Since the Portfolio Manager does not follow the bank pooling structure, that is, it opens individual bank accounts for all the clients, the allocation of margins etc to be kept are done proportionately with the custodian. Any incremental margins to be provided are also done proportionately from individual client account to the pool account. The separate bank accounts therefore also provide a clear trail of money kept for margin for a particular trade and reversal of the same too.

Deviations:

The deviations, if any, shall be on account of exigency only and shall be done only with prior written approval of the Principal Officer and Compliance Officer of the Portfolio Manager with a detailed rationale for such deviation.