

Policy on Handling Valid Till Triggered (VTT) and Valid Till Date (VTD) Orders

1. Background

SEBI observed that certain members offered Good Till Cancelled / Good Till Triggered orders or orders of similar type to their clients which enabled these clients to place buying and selling orders by specifying the price and also the time frame for which an order would remain valid for placing on the Stock Exchange platform.

However, in case of corporate actions, such orders could lead to absurd trades thereby putting the investors at risk of facing losses. Since the aforesaid types of orders were offered voluntarily by members, mechanism for handling such orders varied from member to member. For corporate action, while certain members opted to cancel such orders, while other brokers chose to not cancel the same. In view of the above, it was decided in consultation with SEBI and Broker's Industry Standards Forum that the members, who offered Good Till Cancelled / Good Till Triggered orders or orders of similar type, will be required to formulate a policy for the same.

The objective of the policy is to ensure consistent handling, minimize investor risk, and comply with regulatory requirements.

2. Purpose

This policy establishes the procedures for managing Valid Till Triggered (VTT) and Valid Till Date (VTD) orders more specifically in the event of corporate actions such as stock splits, bonus issues, and other related events.

3. Scope

This policy applies to all VTT and VTD orders who may be impacted on account of subsequent corporate actions like stock split / Bonus issue etc. It includes mechanisms for order cancellation, modification, and client notification.

3. Definitions

- **Valid Till Triggered (VTT) Orders:** Orders that remain valid until triggered by a specified condition or event.
- **Valid Till Date (VTD) Orders:** Orders that remain valid until a specified date.
- **Corporate Actions:** Events such as stock splits, bonus issues, and other similar actions that impact the financial instruments held by investors.

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4. Order Handling Procedures

Order Cancellation

- **Criteria for Cancellation:**
 - Automatically cancel any pending VTT or VTD orders impacted by any corporate actions.
 - Corporate actions that lead to order cancellation include splits, bonus, rights issues, mergers, demergers, 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:
 - Details of the corporate action.
 - 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 this notification.

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