



SMIFS LIMITED

CIN: U51109WB1993PLC060987

Vaibhav (5F), 4, Lee Road, Kolkata – 700 020 Tel: (91 33) 4011 5414 / 6634 5414

Email ID: compliance@smifs.com Website: www.smifs.com

AWARENESS ON THE POLICY OF REVERSAL TRADE CANCELLATION MECHANISM

Policy Jointly Authored By:

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Policy Approved By:

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Managing Director

Shri Rahul Kayan
Chief Executive Officer

Shri Sudipto Datta
Designated Director & Compliance Officer

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SMIFS Limited (in short “the Company/ SMIFS/ Trading Member”) is a Company registered under the provisions of the Companies Act, 1956 with limited liabilities, having its registered office at 4, Satyajit Ray Dharani (formerly Lee Road/ O C Ganguly Sarani) and registered with Securities and Exchange Board of India (in short “SEBI”) as a Stock Broker and Depository Participant, thus a Securities Market Intermediary as per the various provisions enshrined in the relevant Acts of SEBI.

SMIFS is a Trading Member of National Stock Exchange of India Limited (NSE); BSE Limited (BSE); Multi Commodity of Exchange of India Limited (MCX) and Indian Commodity Exchange Limited (ICEX) with SEBI Registration Number: INZ000220635. SMIFS is a Depository Participant of National Securities Depository Limited (NSDL) bearing DP ID – IN301629 and Central Depository Services (India) Limited (CDSL) bearing DP ID – 12016000 with SEBI Registration Number IN-DP-414-2019. SMIFS is also registered as a Portfolio Manager with SEBI Registration Number INP000004623 and Research Analyst with SEBI Registration Number INH300001474. For the sake of brevity NSE, BSE, MCX & ICEX shall be collectively referred to as Stock Exchange(s).

SMIFS is also registered with Association of Mutual Funds of India (AMFI) with ARN Code 3060 for the distribution of Mutual Fund Units of various reputed Asset Management Companies.

Stock Exchanges (viz. NSE, BSE, NCDEX & MCX where SMIFS Limited is a Trading Member) has observed that Market Abuse Practices in the nature of Reversal Trades is being carried out for Certain Contracts and/or Scripts to distort the sanctity of the Market Equilibrium, in violation of various Exchange Circulars.

Thus in order to enhance market integrity and safeguard interest of Investors, Stock Exchanges has been introducing various pre-emptive controls to restraint abnormal / non-genuine transactions executed with an objective of transferring profit and/or losses between entities who create artificial volumes in securities and / or contracts.

The National Stock Exchange of India Limited (in short “NSE/ Stock Exchange”) vide their Circular No **NSE/SURV/58192 dated August 31, 2023** on “**Reversal Trade Cancellation Mechanism**” (in short “RTCM”) have informed their Trading Members regarding the Introduction of “Reversal Trade Cancellation Mechanism” on an Intraday Basis to **CANCEL** the Trades which form part of “**Reversal**” and /or “**Second Leg**”.

Further in continuation of the aforementioned Circular, the Stock Exchange by their Circular No. **NSE/SURV/62493 dated June 18, 2024** has finalized the following mechanism pertaining to RTCM which is in replacement of the mechanism communicated in the Stock Exchange Circular/ Notice dated 31.08.2023, which now stands rescinded.

Stock Exchanges will monitor Transactions on an Intraday Basis, between a pair of PANs (PAN will be replaced with CP Codes wherever applicable).

As a New Trade takes place between a pair of PANs, the quantity of the trade will get aggregated to either of the legs (First Leg or Second Leg) i.e. “First leg - where PAN “A” is the Buyer and PAN “B” is the Seller” or “Second leg - where PAN “A” is the seller and PAN “B” is the buyer”.

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At every trade instance after the above aggregation, wherever such aggregated quantity of two legs between PAN "A" and PAN "B" (i.e. first leg is where PAN "A" is the buyer and PAN "B" is the seller and second leg where PAN "B" is the buyer and PAN "A" is the seller) breach thresholds with respect to the following parameters, the trade will be eligible for cancellation. The attributes below would elucidate the principles in details, which are as follows:

1. Combined traded quantity of a pair of PANs for both legs to the extent of reversal, compared with market gross traded quantity in the scrip on that day till that point in time. "Reversal quantity" is the quantity which is bought and sold within the pair of PANs (i.e. if 500 quantities are bought within the pair of PANs and 600 quantities is sold within the pair of PANs then "**Reversal Quantity**" will be 500 quantities.
2. Reversal Ratio in the scrip, of the pair of PANs at that point in time (e.g. calculation of reversal ratio = if the first leg cumulative quantity is **x** and the second leg cumulative quantity is **y** then reversal ratio is **(x/y*100) %**).
3. Square off difference of a pair of PANs at that point in time in a scrip (i.e. difference between "Average Sell Price" and "Average Buy Price" multiplied by "Reversal Quantity")
4. Reversal quantity of a PAN till that point in time in the scrip compared with total quantity traded by each PAN in the pair of PANs in the scrip for that day till that point of time

Client Code Modification during market hours resulting in Reversal of Trade, shall also be cancelled as a part of RTCM and the same shall be applicable to continuous normal market.

For identification of client 'A' and client 'B' as mentioned in the above paragraphs, the following logic will be used.

1. In case of proprietary and client (Non-CP code), "PAN" would be used to identify the above clients.
2. In case of CP code clients (excluding CP code "INST"), "CP code" would be used to identify the above clients.

Summary of the above logic of identification is as per below table:

| Buyer/Seller | Counterparty Buyer/Seller | Validation at |
|--|--|---------------------|
| PRO/Client (Non-CP Code) | PRO/Client (Non-CP Code) | PAN Level |
| CP Code Client (excluding CP Code "INST") | CP Code Client (excluding CP Code "INST") | CP Code Level |
| CP Code Client (excluding CP Code "INST") | PRO/Client (Non-CP code) | CP Code + PAN Level |

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In case of such Reversal Trade in a scrip in **CM Segment**, there will be a Cancellation of the mentioned Trade executed by the Stock Exchanges and upon such Cancellation, the Trading Member shall get Message on the respective trading terminals mentioned herein below.

"Trade CXL: < Trade details> Trade Cancelled by Exchange User Id (Dealer ID)"

All trades (including the Client Code Modification data) shall be cumulated for the respective client on symbol and/or contract basis to validate the aforesaid four conditions.

The Reversal Trade Cancellation Mechanism checks shall be done from 10:30 a.m. (trades from 09:15 am to 10:30 am shall be accumulated) onwards until 3:00 p.m. (half hour prior to market close – i.e. **RTCM shall not be applicable from 3:00 p.m. to 3:30 p.m.**).

"Reversal Trade Cancellation Mechanism" shall be made applicable for **scrips which are relatively illiquid**.

The list of such scrips and/or contracts will be published on end of month and the list shall be valid for the subsequent month.

The list shall be available in the excel sheet named:

"CM_RTCM_mmmmyyyy.csv" at extranet path /common/Surveillance/RTC

To begin with, the **"Reversal Trade Cancellation Mechanism"** shall be released in the **CM Segment** and the same shall be subsequently implemented in **Other Segments**.

"Reversal Trade Cancellation Mechanism" shall be made live from **July 08, 2024**.

SMIFS Limited (in short "The Trading Member") will adhere to all the Parameters pertaining to **"Reversal Trade Cancellation Mechanism"** mandated by the Stock Exchange.

In the aforesaid, Clients are advised to refrain from entering into abnormal and/or non-genuine transactions executed by the Market Participants primarily with an Objective of Transferring Profit and/or Loss between the Concerned entities OR Creation of Artificial Volume in Securities and/or Contracts.

The Stock Exchanges shall Levy Penalty of 100% of the Traded Value/ Profit made/ Loss Incurred as a result of the Trades on the Trading Members for BOTH Profit and Loss making Abnormal and/or Non-Genuine Transactions.

In this regard it is being Notified that such Penalty Amount shall be passed onto the Clients as per the decision of the Exchange whether a Trade or Trades is/are Abnormal and/or Non-Genuine would be final and binding on the Clients

List of Scrips for Reversal Trade Cancellation Mechanism (RTCM) for the Month of July-2024

| SYMBOL | SYMBOL | SYMBOL | SYMBOL | SYMBOL | SYMBOL |
|------------|------------|------------|------------|------------|------------|
| 21STCENMGM | ASPIRE | CMMIPL | EQUIPPP | HDIL | KCK |
| AAATECH | ASTRON | CMNL | ESCONET | HEADSUP | KDL |
| AAREYDRUGS | ATLANTAA | CMRSL | ESFL | HIGREEN | KEEPLEARN |
| AARTECH | ATMASTCO | COMMITTED | EUROBOND | HINDNATGLS | KEEPLN-RE |
| AATMAJ | AURDIS | COMPINFO | EUROTEXIND | HMT | KEL |
| ABCOTS | AUROIMPEX | CONTI | FALCONTECH | HOACFOODS | KEYFINSERV |
| ABINFRA | AUSOMENT | COOLCAPS | FEL | HOLMARC | KHFM |
| ABMINTLLTD | AVPINFRA | CPS | FELDVR | HOMESFY | KKVAPOW |
| ACCENTMIC | AVSL | CRAYONS | FELIX | HOVS | KLL |
| ACCORD | BABAFP | CREATIVEYE | FIDEL | HRHNEXT | KNAGRI |
| ACEINTEG | BAFNAPH | CROWN | FLEXITUFF | HYBRIDFIN | KODYTECH |
| ACSAL | BAHETI | CUBEXTUB | FLFL | IBLFL | KONSTELEC |
| ADROITINFO | BANG | CYBERMEDIA | FOCE | ICDSLTD | KONTOR |
| AGARWALFT | BANKA | DCG | FONEBOX | IEML | KORE |
| AGNI | BASILIC | DCMFINSERV | FROG | IITL | KOTYARK |
| AGUL | BAWEJA | DEEM | FSC | IL&FSENGG | KRIDHANINF |
| AHIMSA | BEACON | DELAPLEX | GANGOTRI | IL&FSTRANS | KRISHCA |
| AHLEAST | BETA | DELPHIFX | GATECH | IMPEXFERRO | KRSHIVAL |
| AILIMITED | BEWLTD | DELTAMAGNT | GATECHDVR | INDIFRA | KRISHNADEF |
| AIMTRON | BGLOBAL | DENEERS | GAYAHWS | INDOTHAI | KTL |
| AISL | BGREENERGY | DENTALKART | GAYAPROJ | INDSWFTLTD | LAGNAM |
| AKANKSHA | BIL | DESTINY | GFSTEELS | INFINIUM | LAKPRE |
| AKASH | BINANIIND | DGCONTENT | GICL | INFOLLION | LATTEYS |
| ALLETEC | BIRDYS | DHRUV | GIRIRAJ | INFOMEDIA | LAWSIKHO |
| ALPEXSOLAR | BKMINDST | DHTL | GKWLIMITED | INM | LCCINFOTEC |
| ALPSINDUS | BLBLIMITED | DIACABS | GLFL | INNOVANA | LEMERITE |
| ALUWIND | BLUECHIP | DIGIKORE | GLOBALPET | INNOVATIVE | LGHL |
| AMBANIORG | BLUECOAST | DIGJAMLMTD | GLOBALVECT | INSPIRE | LLOYDS |
| AMEYA | BLUEPEBBLE | DJML | GLOSTERLTD | INSPIRISYS | LORDSCHLO |
| AMIABLE | BMETRICS | DKEGL | GOENKA | IPSL | LOYALTEX |
| ANKITMETAL | BOHRAIND | DOLLEX | GOKUL | IRIS | LRRPL |
| ANLON | BRIGHT | DRONE | GOLDENTOBC | ISHAN | LYPSAGEMS |
| ANNAPURNA | BROOKS | DRSDILIP | GOLDKART | ITALIANE | MADHAV |
| ANSALAPI | CADSYS | DUCOL | GOLDSTAR | JAINAM | MADHAVBAUG |
| APS | CALSOFT | DUCON | GOYALALUM | JAIPURKURT | MADHUCON |
| ARABIAN | CANARYS | DUGLOBAL | GOYALSALT | JALAN | MADHUSUDAN |
| ARCHIDPLY | CAPTRUST | DURLAX | GRAPHISAD | JETKNIT | MAGSON |
| ARENTERP | CBAZAAR | DYNAMIC | GRCL | JFLIFE | MAHESHWARI |
| ARHAM | CELLECOR | EDUCOMP | GREENCHEF | JHS | MAHICKRA |
| ARIHANTACA | CELLPOINT | EFACTOR | GRETEX | JIWANRAM | MAITREYA |
| ARISTO | CEREBRAINT | EFORCE | GROBTEA | JSLL | MAKS |
| ARSHIYA | CGRAPHICS | ELECTHERM | GSMFOILS | K2INFRA | MAL |
| ARSSINFRA | CHAVDA | ELGIRUBCO | GSS | KANDARP | MALUPAPER |
| ARVEE | CINEVISTA | EMKAYTOOLS | GSTL | KARNIKA | MANAKCOAT |
| ASCOM | CLOUD | EMMIL | GTECJAINX | KAUSHALYA | MANAKSTEEL |
| ASIANHOTNR | CLSL | ENFUUSE | GTL | KAVVERITEL | MANAV |
| ASLIND | CMICABLES | ENSER | GUJRAFFIA | KCEIL | MANDEEP |

List of Scrips for Reversal Trade Cancellation Mechanism (RTCM) for the Month of July-2024

| SYMBOL | SYMBOL | SYMBOL | SYMBOL | SYMBOL | SYMBOL |
|------------|------------|------------|-------------|------------|------------|
| MANORG | OLIL | RADIOWALLA | SETCO | SWARAJ | VEEKAYEM |
| MANUGRAPH | OMAXAUTO | RAJRILTD | SETUINFRA | SWASTIK | VELS |
| MARCO | OMFURN | RAJTV | SEYAIND | SYNOPTICS | VERA |
| MARINETRAN | OMKARCHEM | RAJVIR | SHANTHALA | SYSTANGO | VERITAAS |
| MARSHALL | ONDOOR | RBMINFRA | SHANTI | TAC | VERTEXPLUS |
| MASKINVEST | ONELIFECAP | RBS | SHEETAL | TAINWALCHM | VHLTD |
| MASTER | ORTEL | RCDL | SHERA | TAPIFRUIT | VIAZ |
| MAXPOSURE | ORTINLAB | REFRACTORY | SHIGAN | TARAPUR | VIJIFIN |
| MBECL | OSWALSEEDS | REGENCERAM | SHREEKARNI | TARMAT | VILAS |
| MCON | OWAIS | RELIABLE | SHREEOSFM | TBI | VILINBIO |
| MDL | PALREDTEC | REMUS | SHREERAMA | TCIFINANCE | VINSYS |
| MEGAFLEX | PANSARI | RETAIL | SHRITECH | TCL | VINYAS |
| MEGATHERM | PARAGON | REXPIPES | SHUBHLAXMI | TECHIN | VIPULLTD |
| MELSTAR | PARIN | RICHA | SHYAMTEL | TECHLABS | VISASTEEL |
| MHHL | PARTYCRUS | RITZONE | SICALLOG | TECILCHEM | VISHNUINFR |
| MICROPRO | PASHUPATI | RMDRIP | SIDDHIKA | TFL | VISHWAS |
| MILTON | PATTECH | ROCKINGDCE | SIGNORIA | TGL | VITAL |
| MKPL | PEARLPOLY | ROLLT | SILKFLEX | THOMASCOTT | VIVIANA |
| MODIRUBBER | PENTAGON | ROLTA | SILLYMONKS | TIJARIA | VIVIDHA |
| MODISONLTD | PERFECT | ROML | SIMPLEXINF | TIL | VIVO |
| MODTHREAD | PHANTOMFX | ROXHITECH | SJLOGISTIC | TIMESCAN | VMARCIND |
| MOKSH | PIGL | RULKA | SKIL | TIMESGTY | VR |
| MONOPHARMA | PKTEA | S&SPOWER | SKP | TIRUPATI | VSCL |
| MORARJEE | PLADAINFO | SAAKSHI | SLONE | TNTELE | WALPAR |
| MOS | PODDARHOUS | SABAR | SMARTLINK | TOUCHWOOD | WEL |
| MOTOGENFIN | POLYSIL | SABEVENTS | SMSLIFE | TRANSTEEL | WELINV |
| MOXSH | PRAMARA | SABTNL | SMVD | TRANSWIND | WEWIN |
| MPTODAY | PRATHAM | SADHAV | SOLEX | TREJHARA | WINNY |
| MRO-TEK | PRAXIS | SAH | SOMATEX | TRF | WINSOL |
| MTEDUCARE | PRECISION | SAHAJ | SONAMAC | TRIDHYA | WINSOME |
| MVKAGRO | PREMIER | SAHANA | SONUINFRA | TRUST | WOMANCART |
| MWL | PRESSTONIC | SAIFL | SOTAC | TVVISION | WTICAB |
| NAGREEKCAP | PRITIKA | SALSTEEL | SPECTRUM | UCL | XELPMOC |
| NAMAN | PRLIND | SAMBHAAV | SPECTSTM | UEL | YAARI |
| NARMADA | PROLIFE | SANCO | SPRL | UMA | YASHOPTICS |
| NDLVENTURE | PROPEQUITY | SANGANI | SPYL | UMAEXPORTS | YCCL |
| NEWJAISA | PROV | SANWARIA | SRIVASAVI | UMESLTD | YUDIZ |
| NEXTMEDIA | PRUDMOULI | SAROJA | SSFL | UNIHEALTH | ZEAL |
| NGIL-RE2 | PULZ | SARTELE | STARTECK | UNIVAFOODS | ZEELEARN |
| NIDAN | PURVFLEXI | SCML | SUMMEETINDS | UNIVASTU | ZENITHDRUG |
| NIRMAN | QFIL | SECL | SUMIT | UNIVPHOTO | ZENITHEXPO |
| NITIRAJ | QMSMEDI | SECMARK | SUNDRMBRAK | URAVI | ZTECH |
| NKIND | QUADPRO | SECURKLOUD | SUNREST | URBAN | |
| NORBTEAEXP | QUESTLAB | SEJALLTD | SUPREMEENG | USASEEDS | |
| NPST | QUICKTOUCH | SEL | SUPREMEINF | UWCSL | |
| NTL | QUINTEGRA | SEMAC | SUPREMEPWR | VASA | |
| OILCOUNTUB | RADAAN | SERVICE | SURANI | VASWANI | |