

# POLICY ON INTERNAL SHORTAGES

**Objective:**

The objective of policy is to appropriately deal with settlement of shortages in obligations arising out of internal netting of trades.

This policy shall be applicable to all clients. Purpose:

Stock broker shall not be obliged to deliver any securities to the client unless and until the same has been received by the stock broker from the exchange, the clearing corporation/clearing house or if the corresponding client, due to whom the internal netting of the scrip resulted, fails to give the delivery. Procedure to handle shortages in obligations arising out of internal netting of trades:-

1. The Short delivering client is debited by an amount equivalent to higher of 2% above the official closing price on the auction day OR the highest traded price from trading day till the auction day and the amount shall be credited to the short purchasing client.

2. In cases of securities having corporate actions and no 'no-delivery period' for the corporate action, all cases of short delivery would be compulsory closed out at higher of 10% above the official closing price on the auction day or the highest traded price from first trading day till the auction day.

3. Notwithstanding anything contained in Clause No.1 & 2 as above, in case the shortages in obligations arising out of internal netting of trades of Physical Settlement in Equity Derivatives, then the delivering client is debited by an amount equivalent to higher of

☐ 2% above the official closing price on the auction day in case the scrip is a part of Nifty Index otherwise 5% OR

☐ The highest traded price from first trading day of the settlement till the auction day the amount shall be credited to the short purchasing client.