

Swastika Investmart Ltd. (SIL)

POLICY TO HANDLE INTERNAL/EXTERNAL SECURITIES SHORTAGE

Shortages in obligations arising out of internal netting of trades:

Swastika Investmart Ltd. (SIL) shall have the right to adopt a policy of its choice for internal shortage (auctions) of securities arising out of pay in shortage of any security by a client against the purchase of same security by other client and charge to defaulter seller and compensate the impacted purchaser as per the policy.

We communicate to Clients that they should not sell securities purchased on previous trading day before getting delivery of the securities from the exchange because sold stocks if purchased on previous trading day and received short from the exchange it goes to auction and the client's account is debited on account of auction shortage.

In case, the client sells the securities, and fails to meet his/her pay in obligation then it will be auctioned can be internal or external to exchange then either such shortage of shares will go for Closed out (conducted by SIL in case of Internal Shortage) or these will be short delivered to the exchange (in case of external Exchange shortage). We have following policy to handle actual shortage, internal shortage and Internal as well as Actual shortage:

Exchange (External) Shortage:

If client has short delivered / not delivered any securities against his pay-in – obligation to exchange/s, which has resulted into actual shortage, i.e. there is no buy position of other clients of SIL then pay in obligation of the seller would be in short delivery to the exchange herein after termed as actual or external or Exchange shortage. In such case, seller will be debited with the rate as communicated by the exchange on the quantity delivered short to the exchange.

Internal Shortage and closed out process:

If client has short delivered / not delivered any securities against his pay-in–obligation and counter party (buyer) is a client of SIL, it would be resulted into an internal shortage, in this situation SIL will conduct a direct closed out process on pay-in day i.e. T+2, itself.

Under the close out process for internal shortage the position of buyer and seller would be closed out on T+2 (Pay in) day by debiting the seller and crediting the buyer at the highest price of the subjected security/ i.e. prevailing in the stock exchange i.e. NSE/ BSE as the case may be, from the date of trading till the date of pay in /auction day (i.e. highest rate on T day, T+1 day and T+2 day).

The seller's account shall be debited by close out price along with a nominal process fee and the account of the buyer will be credited accordingly.

Internal as well as Actual Shortage:

The client hereby agrees that if he/she has short delivered any securities against his pay-in – obligation which resulted into actual as well as internal shortage, i.e. buy position of other clients of SIL is less than the pay in obligation of the seller, part obligation would be in the process of closed out by SIL and balance would be in short delivery to the exchange herein after termed as actual shortage.

Here, in such cases, if the part of securities lying for internal shortage then as mentioned above the closed out process would be carried out for the proportionate share on T+2 day by debiting the seller and crediting the buyer. And the proportion of actual shortage will be debited to the seller at T+2 day at the rate as decided by the Exchange.