SHORTAGES IN OBLIGATION ARISING OUT OF INTERNAL NETTING OF TRADES

Objective: The objective of policy is to appropriately deal settlement of shortages in obligations arising out of internal netting of trades. This policy shall be applicable to Clients.

Purpose: Stock broker shall not be obliged to deliver any securities or pay any money to the client unless and until the same has been received by the stock broker from the exchange, the clearing corporation/clearing house or other company or entity liable to make the payment and the client has fulfilled his/her/its obligation first.

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 two Days highest purchase price in KKSL or two days closing price, whichever is higher and the amount shall be credited to the short purchasing client.

2. Notwithstanding anything contained in Clause No.1 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 tohigher of

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

   OR

   b) 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.