



## Northeast Broking Services Limited

### INTERNAL SHORTAGE POLICY

**NBSL** shall have the right to adopt a policy of its choice for internal auctions arising out of pay in shortage by a client against the purchase 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.

In case, the client short sells the securities, and fails to meet his pay in obligation then either such shares will go for self auction (auction by NBSL in case of Internal Shortage) or these will be short delivered to the exchange (in case of actual shortage). We have following process to handle actual shortage, internal shortage.

#### Actual Shortage:

If client has short delivered any securities against his pay-in – obligation towards exchange, which has resulted into actual shortage, i.e. there is no buy position of other clients of NBSL then pay in obligation of the seller would be in short delivery to the exchange herein after termed as actual 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:**

For any Shortages arising out of netting internally with another client we take auction price given by exchange, if there is no auction price given for that scrip, it will be squared off with the highest price out of below two parameters:

- Highest price attained from Trade Day to Pay-in Day
- Closing price as on a day before Payin day +10%.