

Neon Vinimay Private Limited

INTERNAL SHORTAGE POLICY

Circular: - Ref.

Policy created by	Compliance Team
Policy reviewed by	Compliance Officer
Policy reviewed on	31/12/2024
Policy Approved by	Board of Directors
Policy approved on	02/01/2025

Version - 1.0



Purpose

The company shall have followed the policy for internal auction 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. Proper communication to be provided to clients that they should not sale 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.

Introduction

In case of short sell of securities by clients and he/she fails to meet his/her pay in obligation then either such shares will go for self-auction (auction by PRSSB 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 and Internal as well as Actual shortage:

Actual Shortage

If client has short delivered any securities against his/her pay-in - obligation towards exchange, which has resulted into actual shortage, i.e. there is no buy position of other clients of PRSSB 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

If client has short delivered any securities against his/her pay-in - obligation towards a counter party who is a client of PRSSB and it resulted into internal shortage, self - Auction of Internal short scrip will be carried out by PRSSB and such securities will be purchased from open market on T+2 day and the buyer will be credited and the seller will be debited with the amount on which such shares have been bought along with the levies and other taxes or the Sale rate whichever is higher and 0.5% of Buy price as Auction penalty. If the shares could not be bought from the open market, then the position of buyer and seller would be closed out on T+3 Day by debiting the seller and crediting the buyer at the rate higher of the following:

- The highest price for the securities prevailing in NSE or BSE as the case may be on any date commencing from the date of transaction till the day of auction relevant to the trade (auction day i.e. T+2 Day)

Or

- The closing price for the securities on the auction day as increased by 10% of the closing price for F & O traded scrip or 20% for other scrip or such other % as may be revised by PRSSB from time to time.

The amount so determined shall be debited to the account of the Seller who defaulted to deliver and the account of the buyer will be credited by the same amount.

Internal and Actual Shortage:

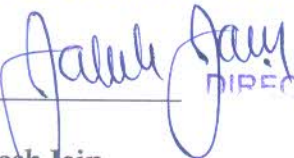


The client hereby agrees that if he/she has short delivered any securities against his pay-in -obligation which resulted into actual as well as internal shortage, i.e. buy position of other clients of PRSSB is less than the pay in obligation of the seller, part obligation would be in the process of self-Auction 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 could be bought from the market on T+2 Day, then such securities will be purchased from open market on T+2 day and the buyer will be credited and the seller will be debited with the amount on which such shares have been bought or the sale rate whichever is higher. And, the proportion of actual shortage will be debited to the seller at T+2 day at the rate as decided by the Exchange.

If in any case, the part of the securities went in self-auction process could not be bought from the exchange, then the position of the buyer and seller would be closed out on T+2 Day by debiting the seller and crediting the buyer at the rate as communicated by the exchange on internal as well as actual short delivered quantity of the shares.

Neon Vinimay Private Limited
For NEON VINIMAY PVT. LTD.



Jatesh Jain

Designated Director