

INTERNAL SHORTAGE POLICY

Shortages in obligations arising out of internal netting of trades:

R K Global Shares & Securities Limited (“RKG”) 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 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.

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 RKG 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 pay-in – obligation towards exchange, which has resulted into actual shortage, i.e. there is no buy position of other clients of RKG 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 pay-in – obligation towards a counter party who is a client of RKG and it resulted into internal shortage, self-Auction of Internal short scrip will be carried out by RKG and such securities will be purchased from open market on T+2 day and the buyer will be credited with the shares and the seller will be debited with the amount on which such shares have been bought along with the levies and other taxes 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:

- a. 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

- b. 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 RKG from time to time.

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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 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 RKG 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 with the shares and the seller will be debited with the amount on which such shares have been bought along with the levies and other taxes and 0.5% of Buy price as Auction penalty. 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.

For R K Global Shares & Securities Limited

Sd/-
Compliance Officer