

SHORTAGES IN OBLIGATIONS ARISING OUT OF INTERNAL NETTING OF TRADES

In Case the client defaults on its existing obligation and in the event the trade has been internally netted off by stock broker, there could be internal shortages. The internal shortages are marked against the client randomly at the sole discretion of stock broker taking into account the delivery obligation through Exchanges. In case of failure of delivery the client marked for internal netting of trade, the same shall be met through fresh market purchases and the loss on account of the said purchases will be charged to the defaulting client's account. If stock Broker is unable to obtain the securities from the market, then the transaction will be closed out as per the auction rate prescribed by the Exchange for that scrip and the closing amount will be credited to the purchasing client and same will be debited to the selling client. However, defaulting client will not be eligible for any profit on account of this.

In case of shortage in meeting the settlement obligation, either party shall endeavor to make good such shortage through securities / value of shortage as per the Rules, Regulations and Bye-laws of the respective stock exchange(s).

Stock broker shall not be responsible for losses to the client on account of such shortages. All losses to the client on this account shall be borne solely by the client and the client shall indemnify stock broker in this respect.