

POLICY OF INTERNAL SHORTAGE

PURPOSE:

Stratagem Stock Broker (P) Ltd. 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 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.

POLICY:

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 Stratagem Stock Broker (P) Ltd. 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:

1) 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 Stratagem Stock Broker (P) Ltd. 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.

2) INTERNAL SHORTAGE:

If client has short delivered any securities against his/her pay-in – obligation towards a counter party who is a client of STRATAGEM STOCK BROKER (P) LTD. and it resulted into internal shortage, self - Auction of Internal short scrip will be carried out by STRATAGEM STOCK BROKER (P) LTD. 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)

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.

For Stratagem Stock Broker (P) Ltd.

Compliance Officer