

SHORT SELLING POLICY

Introduction:

SEBI vide circular no. MRD/DoP/SE/Dep/Cir-14/2007 dated December 20, 2007, has permitted all classes of investors to short-sell subject to the broad framework. SEBI vide Master Circular No. SEBI/HO/MRD2/PoD-2/CIR/P/2023/171 dated October 16, 2023 issued the Master Circular for Stock Exchanges and Clearing Corporations. Paragraph 10 of Chapter 1 of the Master Circular contains the framework on '*Short Selling and Securities Lending and Borrowing Scheme*'.

The broad framework for short selling is specified in 'Annexure 3' of Chapter 1 of the said Master Circular. In this regard, it is mentioned that the contents of 'Annexure 3' of Chapter 1 of the Master Circular dated October 16, 2023 shall be read as under (which are in line with the provisions of rescinded SEBI Circular No. MRD/DoP/SE/Dep/Cir-14/2007 dated December 20, 2007).

SEBI Circular Ref. No: SEBI/HO/MRD/MRD-PoD-3/P/CIR/2024/1 dated January 05, 2024 provides the Framework for Short Selling.

Guidelines and Procedure:

- "Short selling" shall be defined as selling a stock which the seller does not own at the time of trade.
- All classes of investors, viz., retail and institutional investors, shall be permitted to short sell.
- Naked short selling shall not be permitted in the Indian securities market and accordingly, all investors would be required to mandatorily honor their obligation of delivering the securities at the time of settlement.
- No institutional investor shall be allowed to do day trading i.e., square-off their transactions intra-day. In other words, all transactions would be grossed for institutional investors at the custodians' level and the institutions would be required to fulfill their obligations on a gross basis. The custodians, however, would continue to settle their deliveries on a net basis with the stock exchanges.
- The securities traded in F&O segment shall be eligible for short selling. SEBI may review the list of stocks that are eligible for short selling transactions from time to time.
- The institutional investors shall disclose upfront at the time of placement of order whether the transaction is a short sale. However, retail investors would be permitted to make a similar disclosure by the end of the trading hours on the transaction day. The designated email id for disclosing short sell is: compliance@labdhi.in.
- As per the SEBI directive, L. F. C. SECURITIES PVT. LTD. will disclose script-wise short sell positions to the exchange and will mandatorily collect the details on scrip-wise short sell positions, collate the data and upload on the Exchange portal before commencement of trading of the following trading day.