



The Wealth Creator

# Star Finvest Private Limited

MEMBER : National Stock Exchange of India Ltd, Bombay Stock Exchange Ltd, MCX, Depository Participant-NSDL  
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## INTERNAL SHORTAGE POLICY

### Shortages in obligations arising out of internal netting of trades

Stock Broker shall not be obliged to deliver any securities or pay any money to the client unless and until the same has been received by the Stock Broker from the exchange, the clearing corporation / clearing house or other company or entity liable to make the payment and the client has fulfilled his / her / its obligations first. The policy and procedure for settlement of shortages in obligations arising out of internal netting of trades is as under:

#### (a) Short Delivery to the Exchange for scrip at the broker level:

In case of short delivery to exchange, the settlement happens as per the auction / close-out mechanism of Exchange and auction / close-out debit is passed to the defaulting clients who did not fulfill his selling obligation.

#### (b) Short delivery of pay-out to clients who bought the scrip on that day (Client to Client shortage);

The shares delivered short will be purchased on next day after the pay-in date i.e. on T+3 from Normal Market and the purchase consideration amount will be debited to the defaulting clients.

If the covering rate (internal shortage repurchase) is more than actual sell rate on T day, the difference amount will be borne by the defaulting client on sell side.

If the covering rate (internal shortage repurchase) is less than actual sell rate on T day, the difference amount will be debited to the defaulting client on sell side and credited in a separate account maintained with Star Finvest Private Limited.

Further if SFPL is unable to buy shares on T+3 day from normal market due to upper side freeze on the scrip or any other reason, the defaulting seller will be debited at the close-out rate and the corresponding buyer will be credited by equivalent amount. The close-out rate will be the highest between the trade date and (T+3) date or 20% above the official closing price on the (T+3) day, whichever is higher.

For STAR FINVEST PVT. LTD.

  
Director

Further if the shares covered against client to client shortages is again received short from any client, the trade will be settled by the close-out debit to seller client and corresponding buyer for whom the shares were covered will be credited by equivalent amount. The close-out rate will be the highest rate between the repurchase date (T day) and auction date i.e. (Repurchase date +3) day or 20% above the official closing price on the auction day, whichever is higher.

If the shares repurchased against client to client shortages received short from Exchange, the settlement happens as per the auction /close-out mechanism of exchange.

**(c) Mechanism of choosing corresponding clients on the buy side:**

Corresponding clients on the buy side to scrip A are chosen on the basis of the descending quantity of shares bought by them i.e. first the client (say X) who has purchased highest quantity of scrip A will be picked up and if the shortage of shares is more than the quantity of shares bought by the client X, then the client who has purchased the next highest quantity will be picked up so on and so forth. The shares bought on T+3 in case of client shortage and shares/ credit received from Exchange through auction process in case of broker level shortage are credited to the corresponding client on buy side of scrip A chosen through the aforesaid mechanism.

**For Star Finvest Private Limited**

(Surender Kumar Gupta)  
Director

