

Reporting of Short Selling

We wish to inform you that SEBI, vide Circular No. **SEBI/HO/MRD/MRD-PoD-3/P/CIR/2024/1 dated January 05, 2024**, has introduced a revised framework governing **short selling and naked short selling** of equity stocks in the Indian securities market.

Short selling refers to selling a stock that the seller does not own at the time of placing the trade.

Naked short selling, which involves selling without ensuring the ability to deliver the securities, is strictly prohibited. All investors must mandatorily honour their delivery obligations at the time of settlement.

To comply with the above regulatory requirements, we request your support in reporting any short-selling intention **at the time of placing the order with the dealer**. This is a mandatory regulatory requirement, and timely disclosure will help avoid penalties or charges.

Kindly provide **prior intimation of all short-selling transactions** executed by you in the Cash Market. Please ensure that such communication is sent to our designated email address at **ie.backoffice@avendusspark.com**.

This will enable us to maintain accurate records and ensure timely compliance with the reporting requirements stipulated by SEBI and the Exchanges. Should you require any clarification regarding the provisions of the aforementioned circulars or the process for reporting short selling instances, please feel free to contact us.

Key Features of SEBI's Short Selling Framework

1. Eligibility

- Both institutional and non-institutional investors are permitted to undertake short selling.
- **Naked short selling is not allowed.**
- Investors must ensure delivery of securities at settlement.
- Only stocks available in the **F&O segment** are currently eligible. (SEBI will periodically update the list.)

2. Trading Rules

- **Institutional investors** : Cannot square off positions intra-day and must settle positions on a **gross basis** at the custodian level.
- **Non-institutional investors** : Can square off positions intra-day.

3. Mandatory Disclosures

- Investors must **disclose upfront** whether an order is a short sale.
- While non-institutional investors may disclose by end of trading hours, we request that **all short-sale orders be intimated upfront** for operational efficiency.
- If informed by end of day, the intimation must be sent to the **same dealer** and through the **same mode** as the original order.

4. Exchange and Broker Responsibilities

- Stock exchanges must put in place deterrent mechanisms to ensure timely delivery.
- Brokers must collect and report **scrip-wise short-sell data daily** to the exchanges.
- Exchanges will publish consolidated short-selling data **weekly**.

5. Securities Lending and Borrowing (SLB) Mechanism

- The SLB scheme enables investors to **borrow securities** to facilitate short selling.
- Lenders earn additional returns, and the system supports market liquidity.
- Investors are advised to **verify the eligibility** of the stock for short selling/SLB before initiating the trade.