

Framework for Short Selling: Investor Guidelines

Dear Investor,

To ensure transparency, market integrity, and liquidity, the following framework governs Short Selling in the Indian Securities Market as per SEBI mandates. Whether you are a retail or institutional investor, please adhere to these guidelines for your short-selling activities.

1. Naked Short Selling is not allowed

Short selling allows you to sell securities that you do not own at the time of the trade. However, in the Indian market, **Naked Short Selling is strictly prohibited**. This means you must mandatorily honor your obligation to deliver the securities at the time of settlement.

2. Eligible Securities

You may only engage in short selling in stocks that are part of the **F&O (Futures & Options) segment**. The list of eligible securities is subject to periodic review by SEBI/Exchanges.

3. Who Can Participate?

- **Retail Investors:** You are permitted to short sell and may square off your positions intraday. You must disclose your short positions by the end of trading hours on the day of the transaction.
- **Institutional Investors:** You are permitted to short sell but **cannot engage in day trading** (intra-day square-off). You must fulfill your obligations on a **gross basis** and disclose your short sale upfront at the time of placing the order.

4. Transparency and Reporting

Your trust is vital to us. To maintain a fair market:

- **Daily Collation:** We (as your broker) are mandated to collect and upload scrip-wise short-sell positions to the stock exchanges daily.
- **Public Dissemination:** Stock exchanges consolidate this information and publish it on their websites every week for public transparency.
