



INTERNAL SHORTAGE POLICY

Objective: The objective of this policy is to appropriately deal with settlement shortages in securities obligations arising out of internal netting of trades. This policy shall be applicable to both Clients as well as Trading Members.

Globe Capital Market Limited (the "Stock Broker") shall not be obliged to deliver any securities to the Client/Trading Members 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 delivery of securities and the Client/Trading Member has fulfilled his/her/its obligation first.

Procedure to handle shortages in obligations arising out of internal netting of trades:-

As mandated by NCL circular from time to time, the internal shortage of delivery obligation shall be handled in the following manner:-

a. Identification of Shortages:

NCL shall be identifying pay-in shortages including internal shortages and will conduct auction for internal shortages of the members.

This mechanism has been applicable from 07-March-2025 in respect of shortages of settlement no 2025047 for members (other than SEBI registered Custodians) and also going forward for all settlements.

b. Computation of Internal Shortages:

NCL identifies internal shortages by comparing gross sell obligation of clearing member vis-a-vis pay-in received for clearing member for both depositories. The gross sell obligation of clearing member shall be computed as gross of net sell obligation across all clients of a clearing member for a security. Trading Member shall ensure to provide entire gross sell obligation as security pay-in to CC.

It shall be mandatory for members to do gross pay-in to CC. Where member effects payout to receiving clients on its own and does not provide the same to CC in pay-in, CC shall consider such quantities as short received for internal shortage computation.

c. Valuation Amount & Timelines:

It shall be mandatory for members to pay valuation amount for internal shortages as per CC timelines. If the valuation debit is unpaid, auction for the internal shortage will not be conducted.

The price for valuation amount for internal shortages shall be arrived basis the settlement price of the security.

d. Handling Cases where Auction is not conducted:

Where auction is not conducted due to:

- Non-payment of valuation debit by Member,
- Excess pay-in by any Member/client,
- Corporate action in the security,



- File not uploaded by custodian,
- Where the auction conducted by NCL is unsuccessful or
- Any other reason as may be specified

The member shall pass close-out entries as follows:

- NCL shall close-out such shortages by debiting the member at the auction rate and crediting the member at the close-out price.
- In the absence of auction rate, close-out shall be done at the close-out rate determined by CC.

In case of excess pay-in, the credit shall be given to the client who provided such excess securities.

e. Reporting and Settlement:

- a. The close-out details for unsuccessful internal shortages shall be available in the file:

Delivery_NCL_CM_Auction_CM_YYYYMMDD_P_0000.csv

f. Pay-in through Block Mechanism:

Trading Members are advised to do pay-in of all securities through **block mechanism**. If security pay-in is done via transfer to Globe's pool account, members must inform in advance by **6:00 PM on the trading day** in the prescribed format to nse@globecapital.com, failing which such quantities shall be treated as short received for internal shortage computation.

g. Implementation Date:

As per NCL Circular No. NCL/CMPT/71045, the above changes shall be effective from Auction Trade Date 14-Nov-2025 (Settlement Date 17-Nov-2025, Auction Settlement No. 2025216).

- h.** Any fees/expenses imposed by CCs for availing above mentioned facility, shall be collected from parties.

This policy shall be subject to circulars / regulation issued by CC. Members/clients are advised to visit our website for updated policy.