FARSIGHT SECURITIES LTD.

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Policy created by	Operational staff and Compliance Officer
Policy reviewed by : Compliance Head	Policy reviewed on : 12.06.2026
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SHORTAGES IN OBLIGATION ARISING OUT OF INTERNAL NETTING OF TRADES FOR EQUITIES

Farsight Securities Limited

"Internal Short selling" shall be defined as selling a stock which the seller does not own at the time of trade and Buyer not received of stock. -Under NSE and SEBI regulations, an "internal shortage" occurs when a selling client fails to deliver securities, leading to a short delivery to another buyer client with the same broker. Brokers must maintain an internal netting policy that financially compensates the buyer and penalizes the defaulting
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.

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 stock exchanges shall frame necessary uniform deterrent provisions by take "Auction" or Squared-off against the short deliver of securities at the time of settlement which shall act as a sufficient deterrent against failure to deliver.

6-In case, the client short sells the securities, and fails to meet his pay in obligation then either such shares will go for Exchange auction in case of Internal Shortage or these will be short delivered to the exchange (in case of actual shortage). We have following process to handle actual shortage, internal shortage and Internal as well as Actual shortage:
7- where auction for internal shortages of members was unsuccessful, NCL shall close-out such shortages by debiting the member at the auction rate and crediting the member at the close out price as per Annexure 1 of NSE Circular NCL/CMPT/71045 dated 30th October-2025 for report pertaining to details of close-out for un-successful internal shortage.

Last Reviewed: 12.06.2026