



SHORT SELLING POLICY

(As per SEBI, NSE & BSE Guidelines)

1. Objective

The objective of this policy is to define the framework, controls, and procedures governing **short selling of equity shares** by clients of **Nayan M Vala Securities Private Limited**, in compliance with **SEBI regulations and NSE/BSE rules**, and to ensure fair, transparent, and risk-controlled trading practices.

2. Regulatory Framework

This policy is formulated in accordance with:

- SEBI Circular No. **MRD/DoP/SE/Cir-07/2007** dated December 20, 2007 and **SEBI/HO/MRD/MRD-PoD-3/P/CIR/2024/1** dated January 05, 2024.
- Subsequent SEBI circulars and clarifications on short selling
- Rules, Bye-laws, and Circulars of **NSE, BSE, and Clearing Corporations**
- SEBI (Stock Brokers) Regulations, 1992

3. Applicability

This policy is applicable to:

- **Nayan M Vala Securities Private Limited** (“the Broker”)
- All clients trading in the **Equity Cash Segment**
- Trades executed on **NSE and BSE**

4. Definition of Short Selling

Short selling refers to the **sale of a security that the seller does not own at the time of execution of the trade**, with the intention of buying the security later to meet settlement obligations.





5. Eligible Participants

5.1 Retail Clients

- Short selling is permitted **only on an intraday basis**
- Carry-forward of short positions is **strictly prohibited**
- All intraday short positions **must be squared off on the same trading day**
- **Any short sale by clients' needs mandatory declaration upfront or latest before the end of the day. (This also includes any shares borrowed for short sales from all or any other constituents)**

5.2 Institutional Clients

- Institutional clients may short sell **only after borrowing securities under the SLBM mechanism**
- Such trades shall be subject to **exchange and clearing corporation guidelines**
- **As of now most if not all the controls of the institutional trades are with the custodian. We do not directly or indirectly get any data from the institutional clients which include Mutual Funds, Insurance Companies and others.**

6. Permitted & Prohibited Activities

Permitted Activities

- ✓ Intraday short selling in equity shares
- ✓ Short selling in securities permitted by NSE/BSE
- ✓ Institutional short selling backed by SLBM
- ✓ Short Sale only for stocks which are in Derivatives segment

Prohibited Activities

- ✗ Carry-forward of short positions without borrowing
- ✗ Naked short selling beyond intraday
- ✗ Short selling in illiquid, suspended, or restricted securities
- ✗ Price manipulation or misuse of BTST / STBT
- ✗ Short selling during exchange-imposed trading restrictions





7. Margin & Risk Management

- Applicable **SPAN and Exposure margins** shall be collected upfront
 - The Broker reserves the right to:
 - Increase margins
 - Impose position limits
 - Square off positions in case of margin shortfall or excessive risk
 - **Mark-to-Market (MTM)** losses shall be monitored on a continuous basis
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8. Mandatory Square-off

- All intraday short selling positions must be **squared off before market close**
 - In case of failure by the client:
 - The Broker shall **auto square-off** the open position
 - Any loss, penalty, or charge shall be **borne entirely by the client**
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9. Client Intimation Requirement

- In case any client undertakes a short selling transaction, the client shall **mandatorily inform the Broker** on the **same trading day** immediately either before or after execution of the trade
 - Such intimation must be sent via email to: **contact@nayanmvala.com**
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10. Reporting to Stock Exchange

- Upon receipt of client intimation, the Broker shall **report the short selling transaction to NSE/BSE** in the format, manner, and timelines prescribed by the Exchange and Clearing Corporation
 - Reporting shall be carried out **security-wise and client-category-wise via ENIT portal**
 - Records of such reporting shall be maintained for **audit and regulatory inspection**
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11. Failure to Intimate by Client

- Failure by the client to provide timely intimation may result in:
 - Non-reporting of the short selling transaction to the Exchange

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Website: www.nayanmvala.com | E-mail: contact@nayanmvala.com
CIN : U67120MH2005PTC152929

Member :
Central Depository Services (India) Limited
National Stock Exchange of India Limited
Bombay Stock Exchange Limited
Branches : Kolkata





- Square-off of the position by the Broker
 - Auction settlement, penalties, charges, or losses
 - All consequences arising due to such failure shall be **entirely at the client's risk, cost, and responsibility**
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12. Settlement & Auction

- Any settlement shortfall arising from short selling shall be:
 - Settled through the **exchange auction mechanism**, if applicable
 - Debited to the client's account including penalties, auction losses, and statutory charges
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13. Client Awareness & Disclosure

- Clients shall be informed of short selling rules and risks through:
 - Client Agreement
 - Risk Disclosure Document
 - Trading platform / website disclosures
 - By placing trades, the client confirms understanding and acceptance of this policy
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14. Compliance & Monitoring

- The Compliance Officer shall:
 - Monitor adherence to this policy
 - Ensure timely exchange reporting
 - Review and escalate violations, if any
 - Violations shall be dealt with as per **SEBI, NSE, and BSE disciplinary norms**
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15. Review & Amendment

- This policy shall be reviewed periodically
 - Amendments shall be made to align with changes in **SEBI / Exchange regulations**
 - Any modification shall be approved by the **Board / Management**
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