



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.

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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

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



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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

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**

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**

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**

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



- 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**

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

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

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**

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**

