

**INTERNAL SHORTAGE POLICY**

**Internal Shortage Policy**

**PURPOSE**

HPMG Share & Securities Pvt Ltd (HPMG) should follow the policy for internal auction arising out of pay in shortage by a client against the purchase by other client and charge to defaulter seller and compensate the impacted purchaser. Proper communication to be provided to clients that they should not sale securities purchased on previous trading day before getting delivery of the securities from the exchange because sold stocks if purchased on previous trading day and received short from the exchange it goes to auction and the client's account is debited on account of auction.

**POLICY:**

In case of short sell of securities by clients and he/she fails to meet his/her pay in obligation then either such shares will go for self-auction (auction by HPMG in case of Internal Shortage) or these will be short delivered to the exchange (in case of actual shortage).

The Company has following process to handle internal shortage.

**INTERNAL SHORTAGE:**

If client has short delivered any securities against his/her pay-in – obligation towards a counter party who is a client of HPMG and it resulted into internal shortage, self - Auction of Internal short scrip will be carried out by HPMG and such transactions shall be squared off on T+2 day and the buyer will be credited and the seller will be debited with the amount of such shares using the following formula : The purchase price on T day / Closing price of T+2 day (whichever is higher) + 2% penalty.

For **HPMG Shares & Securities Pvt. Ltd.**

**DIRECTOR.**