

Dear Client,

This is to inform you that pursuant to SEBI's regulatory guidelines on Short Selling, including the provisions contained in *Annexure 3: Broad Framework for Short Selling*, all clients are required to comply with the applicable rules and reporting requirements for short sell transactions.

As per SEBI guidelines:

Annexure 3: Broad Framework for Short Selling

1. "Short selling" shall be defined as selling a stock which the seller does not own at the time of trade.
2. All classes of investors, viz., retail and institutional investors, shall be permitted to short sell.
3. 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.
4. No institutional investor shall be allowed to do day trading i.e., square-off their transactions intra-day. In other words, all transactions would be grossed for institutional investors at the custodians' level and the institutions would be required to fulfill their obligations on a gross basis. The custodians, however, would continue to settle their deliveries on a net basis with the stock exchanges.
5. The stock exchanges shall frame necessary uniform deterrent provisions and take appropriate action against the brokers for failure to deliver securities at the time of settlement which shall act as a sufficient deterrent against failure to deliver.
6. A scheme for Securities Lending and Borrowing (SLB) shall be put in place to provide the necessary impetus to short sell. The introduction of a full-fledged securities lending and borrowing scheme shall be simultaneous with the introduction of short selling by institutional investors.
7. The securities traded in the 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.
8. Institutional investors shall disclose upfront at the time of placement of order whether the transaction is a short sale. Retail investors would be permitted to make a similar disclosure by the end of the trading hours on the transaction day.
9. Brokers shall be mandated to collect the details on scrip-wise short sell positions, collate the data and upload it to the stock exchanges before the commencement of trading on the following trading day. The stock exchanges shall then consolidate such information and disseminate the same on their websites for the information of the public on a weekly basis. The frequency of such disclosure may be reviewed from time to time with the approval of SEBI.

In compliance with the above regulatory requirements, you are requested to intimate us of any short sell transaction executed during the trading day by sending an email to comsec@crownsec.com before 4:30 PM on the same trading day with the subject line "Reporting of Short Sell."

The email must contain the following details:

- Trading ID
- PAN
- Name of the Account Holder
- Name of the Scrip short sold
- ISIN of the scrip short sold
- Quantity short sold

Please note that timely reporting of short sell transactions is mandatory. Failure to comply may result in regulatory implications and/or appropriate action as per exchange and SEBI guidelines.

We request your cooperation in ensuring strict adherence to the above requirements.

For any clarification, please feel free to contact our Compliance Department.

Regards,
For Crown Consultants Private Limited

Compliance Department