

1. Framework for Short Selling:

The broad framework for short selling is outlined in *Annexure 3* of Chapter 1 of the Master Circular No. SEBI/HO/MRD2/PoD-2/CIR/P/2023/171, dated October 16, 2023. In this regard, it is mentioned that the contents of *Annexure 3* of Chapter 1 of the Master Circular dated October 16, 2023 shall be read in line with the provisions of rescinded SEBI Circular No. MRD/DoP/SE/Dep/Cir-14/2007 dated December 20, 2007.

Key points from the framework are as follows:

- a) **Definition:** Short selling is defined as selling a stock that the seller does not own at the time of the trade.
- b) **Eligibility:** All classes of investors, viz., retail and institutional investors, shall be permitted to short sell.
- c) **Prohibition of Naked Short Selling: Naked short selling is not permitted in the Indian securities market. All investors must fulfill their delivery obligations at the time of settlement.**
- d) **Eligible Securities: Securities traded in the F&O segment are eligible for short selling in Capital Market segment. SEBI may periodically review and update the list of eligible stocks for such transactions.**
- e) **Disclosure requirements:** The institutional investors shall disclose upfront at the time of placement of order whether the transaction is a short sale. However, retail investors would be permitted to make a similar disclosure by the end of the trading hours on the transaction day.
- f) **Disclosure requirements:**
The disclosure referred to above shall be communicated to Tradeswift Broking Private Limited through either of the following modes:
 - Email: Sent to Compliance@tradeswift.net with the subject line: "Short Selling Disclosure – <Date> – <Client Code>"
 - Physical Submission: A duly signed written intimation submitted at the Company's office within the prescribed timelines.

2. Implementation:

We kindly inform you that, in compliance with the aforementioned SEBI guidelines, short selling in the Capital Market Segment (excluding F&O securities traded within this segment) is prohibited at Tradeswift.

If a client has executed a short sell transaction or is unable to deliver the securities at the time of settlement, they must mandatorily provide the disclosure as outlined in point (e) &(f) above. Failure to provide the required disclosure will be considered a non-compliance. Any penalties arising from such non-compliance will be the sole responsibility of the client.