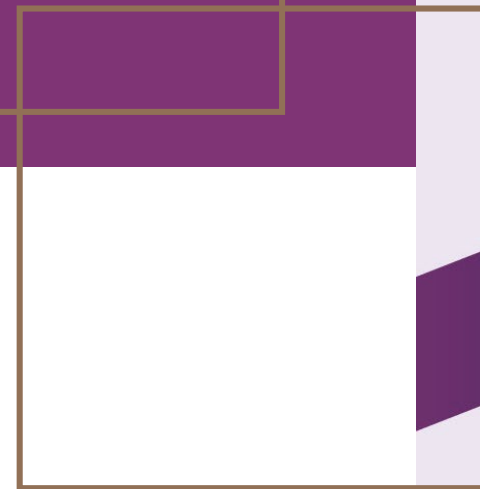


STOCK LENDING AND BORROWING MECHANISM (SLBM)

Additional Income on Idle Portfolio



- It is a scheme of lending and borrowing shares through the **exchange platform**.
- It is permitted in dematerialized form only.
- SLBM is facilitated by the National Securities Clearing Corporation of India (**NSCCL**), the clearing corporation of the National Stock Exchange of India (**NSE**)
- All market participants in Indian securities market have been permitted to lend/borrow subject respective regulatory guideline
- Fixed reverse leg settlement dates on the first Thursday of the respective month
- **All the borrowing and lending are Cleared, Settled & Guaranteed.**

- **Opportunities To Earn incremental return From Your Long Term Equity Investments/ Holdings**
- **SLB is a legally approved medium for lending and borrowing of securities**
- **No Risk as the settlement is guaranteed by the NSE Clearing Ltd. (NCL)**
- **Timings: 9.15 am to 5.00 pm**
- **One will receive Additional Income along with dividend and other corporate action such as Bonus, Rights issues Etc.**

- **Screen based anonymous trading matching system**
- **Early repay and recall, rollover facilities available**
- **440+securities - including F&O, eligible non F&O stocks and ETF are available , Opportunities available in SLBM are updated by exchange on regular basis.**
- **Monthly contracts & Tenure available up to a period of 12 months**
- **Tax advantage**

The lending fee earned from SLB transactions is considered as Business Income (and not as a Capital gain)

- Two parties are involved in the process of securities lending and borrowing, which are 'Lender' and 'Borrower'.
- It is an opportunity for the lender to earn a lending fee for the stocks lent and borrower to get temporary loan of stocks which they do not own.
- **LENDERS ARE :**
RETAIL INVESTOR | HNI INVESTOR | INSURANCE COMPANIES | BANKS | MUTUAL FUND
- **BORROWERS ARE:**
RETAIL INVESTOR | HNI INVESTOR | ARBITRAGER | SHORT SELLER | MARKET MAKER

Lender:

- To earn Risk-free Incremental Income (Lending Fees) from your idle portfolio
- Tax benefits - STT and SEBI T/O Tax not applicable.
Transaction in SLB do not amount to 'transfer' under Indian Income Tax Laws so ,NO capital gain tax on Fees (as Business Income)

Borrower :

- To reap benefits of market sentiments
- To avoid settlement failure & auction
- Hedging against Future & Options Position

How does SLBM work?

	BORROWER	LENDER
Trading Day	125% Margin	0% Margin on EARLY PAYIN 25% margin on t+1
Trading Day +1	Shares Received by 11.30am	Lending fees received by 11.30am
Interim Period	Repay / recall option	Repay / recall option, dividend credit to bank
Expiry Day (1st Thursday of month)	Payout of Securities & margin released	Payin of Securities

1. Securities pay-in shortages by the lender in first leg settlement :

- The transaction shall be financially closed out at the below rate
- 25% of closing price of the security on T+1 day

2. Securities pay-in shortages by the Borrower in Reverse leg settlement :

- Fails to deliver the securities NSCCL conducts a buy-in auction to acquire the securities on the reverse leg settlement date
- If securities are not available in auction then the transaction is financially closed out at the below mentioned close out rate.
 - Maximum trade price in the capital market segment of NSEIL from (reverse leg settlement day - 1 day) to reverse leg settlement day, or
 - 25% above the closing price of security in the capital market segment on the reverse leg settlement day.

3. Fund Shortages by the Borrower :

- The SLBS transactions shall be cancelled, or such other action as may be decided by NSCCL. Accordingly, securities shall be returned to the lenders along-with lending fees.
- Actions in case of funds shortages shall also be applicable to recall/repay transactions.

- ✓ Segment Activation One Pager
- ✓ SLB Agreement
- ✓ Specimen copy of Brokerage modification

All above documents need to be duly signed by client and Send it to ;
Account opening team Jodhpur.

All **Dealers** are requested to activate their Right for **SLBM order access** to ;
chandrakantjparmar@rathi.com

To know more contact



privateclientgroup@rathi.com



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Thank You

Disclaimer

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