



REGULATIONS GOVERNING DELIVERABLE FUTURES CONTRACTS

6. BLANK SELLING AND COMPLIANCE

- (i) A Member on his Proprietary or Clients' Accounts on UIN basis shall be allowed to make Blank Sale upto 0.5% of the Free Float of a scrip or Rs. 50 million, whichever is higher, in the Deliverable Futures Contract Market subject to maximum blank sale of 3.0% of the Free Float of a scrip ~~blank sold~~ by such Member for his all accounts including Proprietary and Clients' accounts, in accumulation at any given time during a Contract Period
- (ii) No Member on his Proprietary or Client's Account shall make Blank Sale unless the trade is declared as a Blank Sale at the time of placement of order through KATS in a special Blank Sale Order Window designed in the system for the purpose.
- (iii) No sale position in excess of the threshold permitted as per clause 6(i) above will be allowed in the Deliverable Futures Market to a member on his Proprietary or Client's Account on UIN basis, unless there is a Pre-Existing Interest of the seller as defined below:

"Pre-Existing Interest" means

- There is an earlier purchase on the same Exchange in the same Future Contract or an earlier Future Contract which will settle prior to the settlement of the sale.
- There is an earlier purchase on the same Exchange in the Ready Market which will settle prior to the settlement of the sale
- There is an unencumbered holding available in the CDS Account in the investor's own or joint account.

Note:

Pre-Existing Interest in order to remain qualified for this purpose should continue to exist until the sale position in the Deliverable Futures Market is squared off or settled at the conclusion of the contract. The investor shall ensure that investor responsible for no selling beyond 0.5% of free float of the scrip or Rs.50 million whichever is higher limit specified in 6(i) above, is carried-out without Pre-Existing Interest in the Deliverable Futures Market. shall be held responsible and In case of non-compliance, the respective member shall be penalized accordingly under these regulations, however, such penalty amount may be passed on to respective investor by the member.