**What is SLBM?**

Securities Lending and Borrowing (SLB) is a scheme that has been launched to enable settlement of securities sold short. SLB enables lending of idle securities by the investors through the clearing corporation/clearing house of stock exchanges to earn a return through the same. Investors can also borrow shares in SLBM segment.

**Basic Features of SLBM**

* Tenure of lending and borrowing is available up to a period from 1 to 12 months.
* Mainly securities traded in F&O segment are eligible for lending & borrowing under the scheme
* Investors can generate additional income from the idle shares in their portfolio by participating in SLB segment.
* Exchanges providing list of Securities for SLB trading on a monthly basis.
* The specified reverse leg settlement date is the first Thursday of the corresponding month. Each reverse leg settlement date is assigned a specific series number.
* Those who lend the shares in SLB platform all corporate actions benefits go to the Lender.
* Borrower can also repay the obligation before the first Thursday of the month.
* Exchanges quote lending fees per share. Normally it is based on the rate of return expected by the lender, interest rate and the tenure.
* SLB is offered through automated screen based platform with online facility of trades which are on price –time priority.

**Two separate series of contracts are made available as given below:-**

* Contracts which shall continue to be mandatorily foreclosed in the event of AGM/EGM (Series “A”).
* Contracts which shall not be foreclosed in the event of AGM / EGM. (Series “B”).

|  |  |  |  |
| --- | --- | --- | --- |
| **Sr No.** | **Series (A)** | **Series (B)** | **Month** |
| 1 | 1 | X1 | January |
| 2 | 2 | X2 | February |
| 3 | 3 | X3 | March |
| 4 | 4 | X4 | April |
| 5 | 5 | X5 | May |
| 6 | 6 | X6 | June |
| 7 | 7 | X7 | July |
| 8 | 8 | X8 | August |
| 9 | 9 | X9 | September |
| 10 | 10 | XO | October |
| 11 | 11 | N | November |
| 12 | 12 | D | December |

**CLIENT ACTIVATION**

* Client has to fill up the segment addition letter and submit to the KYC department for getting SLBM rights.
* <https://www.marwadionline.com/assets/pdf/downloads/Segment%20Addition%20&%20Brokerage%20Change%20Letter.pdf> (Link for segment addition letter).

**Clearing and Settlement Procedure**

* **Lender Obligation:-** Lender has to deliver their shares on T+1 day prescribed as per exchange guidelines before 9:20 am.
* **Borrower’s Obligation:-** Borrower has to pay the lending fees in cash and lending price of T-1 day will be considered of particular scrip for calculating the lending fees on T+1 Day.

**NOTE:- If lender fails to deliver the shares as per prescribed exchange pay in time on T+1 day, then 25% penalty will be charged to the lender on closing price of CM segment and will be passed to the borrower.**

**RISK MANAGEMENT**

* Clearing corporation is the central counterparty providing financial settlement guarantee for the SLB transactions and has a healthy risk management system and collects sufficient margins from participants to cover counterparty risks.