STOCK BORROWING AND LENDING – METHODOLOGIES OF COMPUTING LENDING FEE & COMPENSATION

LENDING FEE

The Borrower is required to pay a lending fee to the Lender in respect of each SBL transaction. The lending fee will be calculated on the Return Date based on the following formula. The lending fee shall be paid to the Lender via CSE Clear (CCL) at the point of returning the securities.

Lending Fee = Lending Rate x Loan Value x Borrowed Days / 365

Where,
Loan Value = No. of shares x Closing Price of the security on the return date - 1
Borrowed Days = Loan duration

COMPENSATION

In the event the Borrower fails to make available the shares borrowed on the Return Date, the SBL transaction shall be considered a 'defaulted transaction'. In such event, the Borrower's Participant shall be required to pay the Lender's Participant, a cash compensation on the Settlement Date in lieu of the shares.

Such cash compensation shall be calculated based on the following formula:

Compensation = Loan Value + Penalty amount to cover the opportunity loss

Where,
Loan Value = No. of shares x Closing Price of the security on the return date - 1
Penalty amount = (VAR% of the security + 2.5%)* Loan Value