FAQ on Securities & Lending Borrowing Mechanism

1. What is Securities Lending and Borrowing (SLB) and how to avail it?

   Securities Lending and Borrowing (SLB) allows you to lend or borrow securities at specified prices and timeframes. You can quote lending fees and quantities, and your orders execute when quotes match at the exchange.

2. Why borrow securities?

   - Borrow and sell the stock immediately or short sell if the view is that the price of the stock will go down over a period of time.
   - Take advantage of arbitrage opportunities when futures or options are mispriced.
   - To fulfil physical delivery obligations for F&O trades.

3. Why lend securities?

   Investors can lend their securities to generate some additional return over and above their investment.

Things to keep in mind

- The lender will be eligible for all corporate actions.
- The clearing and settlement of trades are handled and guaranteed by NSE Clearing Limited (NCL).
- Only securities that are eligible for SLB can be lent and borrowed
- Borrowers must provide margin against the borrowed shares. The position is marked-to-market daily; Margin requirement: Value of the scrip (100% of the contract value) + VAR/ELM margins