

## POLICY ON MARGIN REPORTING

The below mentioned policy on margin reporting of Clients has been approved by the Board of Directors. All the employees are required to follow the same and take due care for its proper implementation.

### **Objective:**

To frame the guidelines for margin reporting of the clients to be done to the exchange as required for the Cash/F&O segment.

### **Brief about Margin reporting:**

**Cash Segment:** As there is no specific requirement of upfront collection of the margin for the CM segment, the same is left on the member to have a wise system for collecting upfront margin from the point of view of risk management till 31<sup>st</sup> Dec 2020 and from 1st Jan 2020 its became mandatory to collect upfront margin for the CM segment as per SEBI Circular CIR/HO/MIRSD/DOP/CIR/P/2019/139 dated November 19, 2019.

**FO Segment:** With respect to the Futures & Options Transaction / Derivative transactions there is requirement of collecting margin from the client for safe guarding the member for the risk involved in the open transaction of the client and also as per the requirement of the exchange the client is required to pay margin to the member for his open transactions.

The exchange also requires that the member uploads the information with respect to the margin held by them vis a vis the clients with respect to the various open positions. This reporting can be done any time after the T day and up to T + 5 day. The exchange will levy penalty in instances where the margin is short collected and additionally during the course of inspection if it is found that the member has reported wrong balance then penalty as prescribed under law will be levied.

### **Collection and Maintenance of Margin:**

The Company Transact on behalf of clients in Cash segment, F&O segment. With respect to the collection of margin in cash segment, the company now mandatorily collect margin with effect from 1<sup>st</sup> January, 2020. However, all efforts are made to see that none of the cash segment transaction leads to any loss for the organization.

No Transaction in any Segment is executed for the clients until the upfront margin has been collected from the clients as required by the exchange.

The Upfront margin can be collected in the below mention forms.

- Consolidated fund balance across exchange,

- Cheques Received on T day and the same is deposited on T+1 and cleared within T+5, bank credits,
- In case where the margin requirements is felt necessary, then necessary margins are collected in any of the following form (1). Early Pay-in of Shares (2). Securities as per CLIENT SECURITIES MARGIN PLEDGE ACCOUNT. The valuation with respect to securities / shares would be carried out after considering the hair cut as provided by the exchange. However, the member may decide to charge higher haircut as felt necessary considering the risk for the shares held as margin. In certain cases where the exchange may not consider certain scripts for margin, the member has the right to consider those scripts on his own risk and decide exposure to the client on the basis of their valuation for the listed scripts as felt proper.

M2M Can be collected through Cheques received / recorded in the books of Member on or before T+1 day and deposited by member by T+2 day (excluding bank holiday, if any) in FO & CD Segment &, on or before T+2 day and deposited by member by T+3 day (excluding bank holiday, if any) can be considered, provided the same is cleared within T+5 working days.

**Margin reporting Procedure:**

- 1) The margin file would be downloaded from the exchange
- 2) The margin as available with the client would be inputted in the margin held by the member. The margin will be calculated as specified above.
- 3) The updated margin file will be uploaded to the exchange.
- 4) In case in the subsequent days if it is found that the margin is erroneously reported / subsequent events like dishonor of client cheque, etc. have occurred then the updated margin file adjusting for the subsequent events will be uploaded.
- 5) The cutoff date for reporting margin to exchange is T+5 working days.

**Penalty:**

The penalty levied by the exchange will be duly analyzed by the member and wherever it is found that the penalty pertained to the short margin given by the client then the penalty should be recovered from the client by debiting the same to their account. However, any penalty levied due to wrong reporting, then the member would be required to bear the same.

Clients and employees of Company are requested to take utmost care regarding the margin reporting So that no erroneous charges / penalties are levied to anybody.