

Dear Client,

As you must be aware that SEBI circular on upfront margin collection in cash segment will come into effect from 1st September 2020 onwards. In light of these Regulatory changes, we would like to reiterate some important points as follows:

- Both buy and sell transactions will require margins.
- Initial/VaR margin and Extreme Loss Margin (ELM) will be required upfront on the trading (T) day. By regulations, it has become mandatory to collect minimum 20% upfront margin in lieu of VaR and ELM, including on Equity shares, ETF, Nifty Bees, Gold Bees and Mutual Funds. Further, Canmoney may charge higher margins as per our Risk Management framework Please click on the link to view https://www.sebi.gov.in/legal/circulars/jul-2020/collection-and-reporting-of-margins-by-trading-member-tm-clearing-member-cm-in-cash-segment_47220.html
- MTM (Mark-To-Market) and other margins can be provided on a within T+2nd day basis.
- We are discontinuing BTST trades with effect from 01-09-2020.

We urge you to take note of these points to avoid shortfalls in the collection of initial margin and MTM.

Reiterating the penalties

This short table lists the penalties that will be applicable from trades executed on or after Sept 1, 2020, in case of non-compliance of the mentioned updated processes:

Short collection	Penalty percentage
(< Rs 1 lakh) and (< 10% of applicable margin)	0.50%
(= Rs 1 lakh) or (= 10% of applicable margin)	1%

Furthermore, in cases where there is short/non-collection of margins for more than 3 consecutive days or for more than 5 days in a month, a penalty of 5% of the shortfall amount shall be levied for each day of continued shortfall beyond the 3rd consecutive day or after the 5th day in the month, as the case may be.