

FAQ- Margin Trading

1. For whom is this facility available?

Ans: This facility is available only for existing offline trading clients who have opted “Running Account Authorisation” facility.

2. How can I avail Margin Trading facility & what are the documentation formalities?

Ans. You need to sign the Margin Trading Agreement. Also, you need to pay Rs. 100/= (Rupees Hundred only) towards Stamp Paper applicable for the agreement. No other charges are applicable.

3. Which scrips are allowed in Margin trading?

Margin Trading facility will be available for all those SEBI approved Scrips that are constituents of Derivatives Segment in Exchanges.

However, SHCIL Services Ltd., has the discretion to add/withdraw any Scrips.

[Click here](#) for list of scrips eligible for Margin Trading facility.

4. What are the benefits of using Margin Trading (MT) facility?

Ans: As SHCIL Services Ltd. provides funding for the shares bought by you, you need to pay only part of total value of shares bought. E.g. If you buy Reliance worth Rs.5,00,000/-, you are supposed to pay 50% (rate may vary from time to time) i.e.Rs.2,50,000/- and balance Rs.2,50,000/- will be funded by SHCIL Services on behalf of you.

5. What is the rate of interest being charged for using Margin Trading through SHCIL Services Ltd.?

Ans. Current Interest rate is 18% p.a.

6. What are the margin requirements while trading under Margin Trading?

Ans. Currently Initial Margin i.e, 50% of the total traded value is required for taking any position under Margin Trading. Once the positions are taken, then Maintenance Margin @ 40% viz., minimum amount based on last day's closing price, is required to be maintained.

7. Can I transfer my own stocks to fulfill the margin requirements?

Ans. No, stocks cannot be provided as security for fulfilling margin requirements.

8. What will happen if I do not have Initial Margin in cash?

Ans. You will not be allowed to buy any securities under Margin Trading facility.

9. What will happen if I do not maintain the Maintenance Margin?

Ans. In case margin falls below the limits prescribed for Maintenance Margin (presently 40%), SHCIL Services Ltd. will make a Margin Call and the position can be liquidated.

10. What if I am not able to meet the Margin Call?

Ans. SHCIL Services Ltd can liquidate the securities if the client fails to meet the Margin Call made or fails to transfer funds. Margin call/ liquidation can be made at any point of time when margins are not in place. SHCIL Services Ltd. can also liquidate the securities in case the client's deposit in the margin account (after adjustment for mark to market losses) falls to 30% or less of the latest market value of the securities, in the interregnum between making of the Margin Call and receipt of payment from the client.

11. How can I check my Margin Trading positions?

Ans. A statement containing the Margin Trading positions will be provided through email on daily basis during the tenure of MT.

12. Is Short-Selling allowed in Margin trading?

Ans. No, Short Selling is not allowed in Margin Trading.

13. Do I need to allocate funds separately for Margin Trading?

Ans. No. You need not allocate the fund separately for Margin Trading before placing the order.

14. How long can I carry forward the MT position in my account?

Ans. MT position can be carried forward till the time the value of the stocks bought under Margin Trading, remains above 50%. In case if the value starts depreciating, you will have to provide additional funds to meet the Maintenance Margin (currently @ 40%), else, SHCIL Services Ltd. can liquidate the position. However, SHCIL Services Ltd., can withdraw the Margin Trading facility at any point of time.

15. Can I sell 100% shares on the next day, bought on previous day under Margin Trading?

Ans. Yes. You can sell 100% shares the next day, of the stock bought on the previous day by selecting Margin Trading.

16. What are the brokerage charges for buying/ selling using Margin Trading?

Ans. Brokerage will be charged as per existing tariff.

17. How my limits for trading will be calculated while using Margin Trading facility?

Ans. For Margin Trading Facility, maximum exposure would be twice the amount of Clear Cash Balance available. However, all other types of Exposures will be withdrawn.

18. Can I sell the shares as 'Normal', earlier bought under Margin Trading but now fully paid & held in my Demat A/c as free stocks ?

Ans. Yes, in this case, shares bought under Margin Trading can be sold as 'Normal'.

19. Can I square off the transactions under 'Margin Trading'?

Ans. Yes, you can square off the securities bought & still held by your Broker under 'Margin Trading'.

20. Can I buy Non-Margin Trading shares, even if I am registered for Margin Trading?

Ans. Yes. After registering for Margin Trading, You can buy Non-Margin Trading Shares but they will not be eligible for any kind of facility under Margin Trading.

21. Can I trade in Derivatives, even if I am registered for Margin Trading?

Ans. Yes. You can trade in derivatives segment, through SHCIL Services Ltd but trades under Derivatives are not eligible for Margin Trading.

22. Can I provide stocks as security for availing limits in Available Cash Balance for trading under Margin Trading?

Ans. No. Stocks cannot be provided as security for availing limits for Margin Trading. Only cash margin is allowed and hence, client will have to transfer funds to avail this facility.

23. Do I require separate limit to square off the position taken under 'Margin Trading'?

Ans. No.

24. Will my limits be released after the square off transaction, and can I use it further to take fresh position?

Ans. As soon as you square off the position, your limits would be released and further fresh positions can be created.

25. What will happen to the limits in case of profits or the losses after the position is squared off on same day or on different days?

Ans. In case of profits, funds (profit amount) will be available for trading after the due pay-in / payout. In case of losses, limits will get reduced immediately and further positions can be created according to limits available.

26. Can I use Margin Trading for Derivatives trading?

Ans. No. Margin Trading facility is available only for Cash segment.

27. Can I use same Available Cash Balance for trading in Non- Margin Trading stocks, Derivatives and Margin trading stocks?

Ans. Yes. Same Available Cash Balance can be used for trading in anyone of the segments, but limits available would be as per multiples applicable

28. How would the movement of shares transacted under Margin Trading facility reflect in my Demat account?

Ans. Stocks purchased under both MT & Non-MT would be retained by SHCIL Services Ltd. However, Stocks would be released to Client's Demat a/c only after receiving clear instructions from the client & based on the available clear cash balance.

29. Are DP charges applicable, while using Margin Trading facility?

Ans. Yes, DP charges will be applicable as per the normal schedule.

