

Margin Collection and Reporting

V.03.20.01

Dear All,

This is regarding a recent circular issued by NSE clarifying certain areas related to **margin collection and reporting**:

1. POA stock to be considered as collateral for reporting from now on
2. In case member wishes to consider client's Free Balance (funds and securities) available with the member of respective client in different segments of any Stock Exchange, we need to take certificate by independent Chartered Accountant with specific authorization from the client
3. Cheques received / recorded in the books of LKP on or before T day and deposited by LKP by T+1 day (excluding bank holiday, if any) and cleared subsequently will be considered as collateral
4. Benefit of margin to be given to the client till T+1 day from the sale of securities
5. Margin collected/available in approved form from entities related to the client as mentioned below and certified by independent professionals including Chartered Accountant with specific authorization/consent
 - i. In case of individuals having relationship as spouse, dependent children and parents with clients
 - ii. In case of HUF, any of the Co-parceners
 - iii. In case of a Trust, any of the trustees or beneficiaries
 - iv. In case of Partnership firm, the partners, their spouse, dependent children and parents
 - v. In case of Corporates, the promoters having controlling shareholdings, their spouse, dependent children and parents
6. **False reporting of Margins (Non-compliance):**

Margins not collected in any method prescribed above, if considered by the member as margins collected would be construed as false reporting to the Exchange/NSCCL.
7. **Penalty structure in case of margin reporting:**

In case, false reporting of margins is observed, the following action shall be initiated against the member:

False reporting of Margins (Non-compliance) 100% of falsely reported amount
+
suspension of trading for 1 day in respective segment
8. Penalty can be passed on to the client, only if we are able to prove that we had communicated margin requirement to the client

For LKP Securities Limited