MAINTAIN SUFFICIENT MARGINS & AVOID PENALTIES

Margins are charged by the Exchange in the Equity & in the derivative (Equity Derivatives, Currency Derivatives & Commodity derivative) segments. Whenever you trade and Carry Forward a position on an overnight basis, you are required to maintain sufficient margins in your account. Margins are charged to cover for probable risk that arises out of price fluctuations. At SMIFS, we accept margins in the form of cash or collaterals (stock, mutual funds). Following are the margins levied by the Exchange in each of these segments:

Equity	Equity Derivatives	Currency Derivatives	Commodity Derivatives
VaR margin	SPAN Margin	Initial Margin	Initial Margin
Extreme Loss Margin	Extreme Loss Margin	Extreme Loss Margin	Extreme Loss Margin
Additional Margin	Physical Delivery Margin	Margin on Crystallised Obligation	Delivery Margin
	Margin on Crystallised Obligation		Additional Margin

All Stock brokers are required to report to the exchange margins available in the client's account as against the margins required for positions carried forward by T+5th Day. This process of informing the Exchange, the margins available in a client's account is referred to as 'Margin Reporting'.

If the margins available in the account >= margins required by the Exchange, no penalty is levied.

If the margins available in the account < margins required by the Exchange, a penalty is charged by the Exchange on such shortfall.

The easiest way to keep track of any shortfall is by looking at the daily margin statement on your Back Office or on your registered email by around. In case the margin statement shows any shortfall in the overall margin status, then you will have to bring in additional funds into your account at least to the extent of the shortfall before the day's end (by 12 midnight) to avoid any penalty.

As per SEBI regulations, margin shortfall penalty is levied on trades performed without sufficient margin (SPAN & Exposure for F&O and VAR + ELM + Adhoc for Equity), Net Buy Premium, Physical Delivery Margins and Marked to Market Losses (if applicable) as prescribed by the exchange.

The penalty levied in case of shortfall in the margin for F&O positions or equity trades:

Short collection for each client	Penalty Percentage
(< Rs 1 lakh) And (< 10% of applicable margin)	0.5%
(= Rs 1 lakh) Or (= 10% of applicable margin)	1.0%

If the short collection continues for more than 3 consecutive days, a penalty of 5% is applied on the shortfall for each subsequent instance of short collection.

If there are more than 5 instances of short collection in a calendar month, then penalty at the rate of 5% is charged for every further instance of shortfall.

GST at applicable rates (currently, 18%) is levied on the penalty amount.

Please ensure that you DO NOT to utilize margins greater than this for your NRML derivative transactions.

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