



FINANCE MONITOR

# MARGIN TRADING FUNDING - MTF

## FAQ

- **What is MTF (Margin Trading Facility)?**

MTF is a facility offered by trading members (Stockbrokers) to their customers to buy stocks with a minimum required margin and hold the stocks for a long time by maintaining the required margin.
- **How do I activate Margin Trading Facility?**
  - a. **Physical**
    - i. Download the physical form from the website [www.financemonitor.in/download](http://www.financemonitor.in/download) Section
    - ii. Get the document duly filled and signed by the client and submit it to the Head Office.
- **How long will it take to activate Margin Trading Facility?**
  - Physical: It takes 48 hours (2 working days) for MTF to get activated after the receipt of the documents at Head Office - Mumbai.
- **What is the benefit of a Margin Trading Facility?**
  - Client can carry equity cash delivery position by maintaining minimum required margin only. The minimum required margin may vary from scrips to scrips.
  - Customer can provide Minimum Margin in the form of cash and non-cash collaterals
  - Higher leverage
  - Can hold for a longer time
  - Can use surplus funds in derivative trading
- **Do I need to have a separate Demat account to avail Margin Trading Facility?**

No, Customers do not have to maintain separate Demat accounts to avail Margin Trading Facility
- **How can the client take a position in MTF?**

The client needs to place an order under product type 'MTF' while taking a position.
- **What if my stocks bought under Margin Trading Facility get appreciated? Will I get an additional margin on it?**

The client will not get any benefit in the form of a margin for any appreciation of stocks bought under margin trading.
- **What if I receive dividends on collateral stocks?**

The dividend will be credited to the client's MTF ledger account
- **Can I do Intraday trading in the MTF segment?**

Yes, you can do that, the system will take care of the net obligation at the end of the day

➤ **What will be the interest calculation?**

Interest will be charged on the total debit amount in the customer trading account. In case the customer has sufficient credit under the normal segment to cover margin trading debit, no interest will be charged to the customer.

➤ **For whom is Margin Trading Facility available?**

This facility is available for all clients of FMIPL

➤ **What is the rate of interest being charged for using Margin Trading Facility?**

As applicable

➤ **Is this product available under all stocks?**

No, MTF product is available only in SEBI and Exchange MTF-approved stocks as prescribed in MTF guidelines

➤ **If I take a new position, then will my funded stock will be auto-pledged?**

No, the funded stock will be uploaded in CDSL for pledge authorization on T-day EOD, and CDSL will provide the link via email and SMS to the client on his registered email and mobile number, client needs to validate the pledge for the new MTF position via OTP latest by T+1 11:00 a. m. On T+1 day (i.e. date of settlement) If the client does not validate the pledge of funded stock then funding would be rejected and the client needs to sell the same non-pledged stock.

➤ **What are the steps to authorize the Pledge for funding under MTF?**

- Pledge setup request will be generated by Finance Monitor (India) Pvt Ltd (FMIPL) based on SEBI MTF position on T day EOD
- Client needs to go to the Link provided by CDSL on the registered mobile/email and Generate OTP
- Submit OTP to authorize the transaction same day or latest by T+1, 11:00 a. m.

➤ **What if the client does not authorize a pledge against the fresh MTF position?**

In case the client fails to authorize the pledge against the fresh MTF position by T+1, 11:00 am then such position needs to be squared off by the client. Failing to which said stock can be liquidated by the Risk team.

➤ **What are the margin requirements, while trading under Margin Trading Facility?**

Margin requirements will vary from scrip to scrip.

The list of Group-1 securities is available on the NSE website under the “monthly reports tab” at the following link and downloading the report named “CM-Security Category Impact Cost”: <https://www.nseindia.com/all-reports>

➤ **What will happen if I do not maintain an up-front margin?**

A minimum upfront margin is required to execute the trades in MTF products, else system will not allow to execution of the trade.

➤ **What will happen if a client does not maintain the minimum required margin for Margin Trading Facility?**

Post execution if there is any shortage of margin due to deprecation of collateral value then the customer can top up the margin in terms of cash or noncash collaterals. In case the margin falls below the minimum required margin, FMIPL will make a Margin Call and the position will be

liquidated if not paid the required margin on and before due time.

➤ **What if I am not able to meet the Margin Call?**

FMIPL will go ahead and liquidate the securities if the customer fails to meet the margin call made or if the customer fails to transfer funds. Margin call/ liquidation can be made at any point in time when margins are not in place.

➤ **How can I check my Margin Trading positions?**

Margin trading positions can be checked under the Net Position Window on the front end.

➤ **How long can I carry forward the MTF debit/ outstanding amount in my account?**

Debits can be carried forward, till the time customer is able to maintain the minimum margin required for the margin funding position. In case the value starts depreciating, the customer will have to transfer the funds to remain above the minimum maintenance margin, or else FMIPL can liquidate the position, held by the customer to cover the required shortfall % only.

➤ **Can I sell 100% of shares on the next day, bought on the previous day under Margin Trading Facility?**

Customer can sell 100% shares the next day, of the stock bought on the previous day. If there is any loss arising due to Pay- out shortage, then the customer is responsible for the same.

➤ **What are the brokerage charges for buying/ selling using Margin Trading Facility?**

There are no separate brokerage charges. Charges remain the same as applicable to normal trading.

➤ **Can I trade in Derivatives, even if I am registered for Margin Trading Facility?**

Yes. If a customer has opted for the Derivative segment, the customer can trade in the derivatives segment.

➤ **Can I use Margin Trading Facility for Derivatives trading?**

A margin trading facility is not available for the Derivative segment. It is available only for the NSE Cash segment.

➤ **Can I provide Non-cash collaterals as security for availing limits for trading under Margin Trading Facility?**

Yes.

➤ **Will my limits be released after the square-off transaction, and can I use it further to take afresh position?**

Yes, customers can take fresh positions against the stock sold after deducting the haircut.

➤ **Will I get a separate contract note for the Margin Trading Facility?**

No, the Transaction Summary will be mailed to the clients

➤ **Why there is a separate ledger for Margin trading?**

This is required and mandatory as per SEBI regulations.

➤ **Whether MTF position would be shown in holding on the next day?**

The positions of MTF will be shown in the client dashboard on the next day, customer can view

the MTF position through the Mobile application under the net position

➤ **How is Margin Trading product different from T + 1 + 5 (Delivery)?**

In the Delivery product, the customer is allowed to carry debit positions up to T+1+5 days, after that he/she has to clear the debit by further pay-in or squaring off the positions.

Whereas in Margin Trading there is no liquidation or blocking. Minimum margin requirements are necessary in both cases to avoid liquidation & blocking.

➤ **Will all NORMAL (T+1+5) positions be converted to Margin Trading when I give consent for Margin Trading automatically?**

No. To shift customer positions to Margin Trading, Delivery positions are required to be squared off and fresh positions are required to be created in Margin Trading. There is no automatic conversion.

➤ **Is Margin Trading available in both – NSE and BSE exchanges?**

No, the Margin trading facility is only available in NSE CM.

➤ **I have bought stocks in Margin Trading in NSE, can I sell them in BSE?**

No.

➤ **I have a debit in my account in Margin Trading (MTF), will my Margin Trading get blocked?**

Margin trading in the customer account will not get blocked till the time customer maintain a minimum margin as per requirements. If the minimum margin is not maintained and if there is a shortfall in the customer account for consecutive 5 days, then Margin Trading will be blocked in the customer account, and square-off may initiate up to the full filling required margin.