

28 August 2020

Dear Client,

Re: **1. Collection and reporting of margins in Cash Segment.**

2. Margin obligations to be given by way of Pledge/ Re-pledge in the Depository System

As per SEBI circular CIR/HO/MIRSD/DOP/CIR/P/2019/139 November 19, 2019 on "Collection and reporting of margins by Trading Member(TM) /Clearing Member (CM) in Cash Segment", **upfront margins are required** to be collected from clients in the **Cash Segment** in line with such requirement in F&O Segment.

W.e.f. **01st September, 2020 (Trade date 31/08/2020)** exchanges will start levying penalties for short/non-collection of such margin in Cash Segment.

Also as per SEBI circular SEBI/HO/MIRSD/DOP/CIR/P/2020/28 dated February 25, 2020 on "Margin obligations to be given by way of Pledge/ Re-pledge in the Depository System", margins in form of securities as collateral can **ONLY** be given by way of Pledge/Re-pledge system in Depository System.

And as per Annexure A of NSE circular reference no. NSE/INSP/45191 dated July 31, 2020 "Penalties wrt short/non-collection of 'Upfront' margin **can be passed on to the clients, if client has failed to fulfil margin requirements.**

We therefore inform you to kindly note the information and guidelines as below for avoiding any penalties.

1. A **minimum of 20%** Margin must be provided before entering any trade in Cash Segment.
2. If the funds and/or securities pay-in is done on the same day through **early pay-in** mechanism then such margin collection is **exempted**.
3. Kindly do pay-in of funds on **same day** of trade.
4. Clients having non-POA/non-Magnum Demat account to do securities pay-in on the same day.
5. If you are not having POA Demat account with Magnum, kindly open such account for smoother transition and transactions.
6. If you have a non-POA demat account with Magnum, kindly provide POA.
7. For regular clients/daily traders, it is advisable to pledge stocks for margin in advance. This will facilitate smoother transactions.
8. For POA clients, provide us a list of approved securities and we will do the pledge of stock.
9. For non-POA/Other DP clients, clients have to create pledge from their accounts in advance.

As always, we shall provide trading limits to the clients **based on confirmation** of margin provision like early pay-in/transfer/NEFT/RTGS of funds/deposit of cheque etc.) **Penalty, if any, will be recovered from client, if he fails to fulfil margin provision within the timeline.**

Kindly contact us for any further information/clarification.

-Team Magnum

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