

FAQs: SEBI new margin system implementation at JKBFSL

1. What are the changes happening due to upfront margin requirements for trading stocks ?

Ans. If you want to buy shares, you would have to pay an upfront **cash** margin or **pledge** your shares to the extent of margins required.

Upfront Margins Definition: SEBI says that a minimum 20% of trade value has to be collected from the customer upfront before any trade. You have to get the rest of margin requirements before the settlement day, failing which penalties shall be imposed on you for shortfall amounts.

2. How should I pledge my shares and to what extent?

Ans. You would need to contact the JKBFSL branch to initiate the pledge of shares. Then you need to authorize such requests using OTP and link received on your mobile phone or email ID.

3. Shall I need margin for selling my own shares?

Ans. JKBFSL has started EPI (early-pay-in) of the shares, hence you are allowed to sell the holdings without any upfront margins.

4. Can I buy back the holdings sold?

Ans. Yes, you can buy back the shares from the remaining sale proceeds.

5. Can I buy other securities on the notional value realized from sale of holdings?

Ans. Yes, you can buy other shares from the sale proceeds of your clear holdings.

6. Can I use profit earned during the day for more purchase of stocks?

Ans. No, you have to wait for T+2 days to get the realized proceeds from exchange to do so.

7. Can I sell Pledged holdings without unpledging the same first?

Ans. Yes, you can sell the pledged shares as usual through desktop and mobile apps or through your branch without bothering about unpledging the same. The unpledging shall be handled by JKBFSL of its own.

8. Can I sell T1 holdings without upfront margins?

Ans. No. You need to have upfront margin of 20% (minimum) to sell T1 holdings.

9. Can I get benefit of notional sale proceeds from T1 holdings?

Ans. No. You have to wait for actual realization of sale proceeds that is till T+2 days to do the same.

10. Is there any effect on MIS leverage due to the new system?

Ans. No. You shall continue to enjoy the MIS limits as per past system for intraday trading.

11. Can holding sale proceeds be used to take FO positions?

Ans. Yes. You can immediately use the proceeds to take such positions. This has been made possible after the clarification from exchanges that Early Payin (EPI) of stocks sold can be considered as margin for both Cash Intraday/delivery and F&O trades.

12. Can new F&O positions be taken after exiting old F&O positions

Ans. Yes, you can take new positions in Cash and FO segments by exiting the old F&O positions. As exiting releases the blocked margin which can be instantly used to trade in other segments.

However, in case you sell an existing buy option positions, the premium proceeds can only be used to enter new buy option positions and not be used for other segments. This is because other segments need upfront collection of margin and premium proceeds will come on the next trading day. SEBI has allowed brokers to collect crystallized obligations on T+1 day. Option premiums are part of crystallized obligations.

13. When can I use profits earned in FO segment?

Ans. Profits from FO segment can be used on the next trading day as of now as the settlement schedule in FO segment is T+1 from the exchanges.

14. Do I need to pledge all shares at once?

Ans. This is your call. But it has been observed that the pledge process takes 2 to 4 hours to get completed from the NSDL. It is hence recommended to get most of the holdings pledged to avail hassle free limits. Otherwise, you can miss opportunities to trade in absence of margins.

15. Is there any risk in pledging the stocks?

Earlier it carried inherent risk when brokers used to transfer the client securities based on POA. Now SEBI has mandated that brokers have to keep the stocks in demat account only. It is only when a broker faces shortfall from your side to meet minimum margin requirements shall a broker sell your pledged holdings and the proceeds of the same would come to your trading account only. Therefore, the new pledge system is more secure and ensures client's securities are protected.

16. What kind of securities are accepted for pledge?

Ans. All exchange approved list of securities (nearly top 800 shares) are available for pledging with JKBFSL currently.