



# AFFINITY SECURITIES PVT. LTD.

Shaila Towers, Room # 903, J1/16 EP Block, Salt Lake, Kolkata – 700091  
CIN No. U67190WB2010PTC153468

## **POLICY ON COLLECTION AND REPORTING OF MARGIN OF CLIENTS**

### ➤ **INTRODUCTION**

Affinity Securities Private Limited (herein referred to as “ASPL”) is a SEBI Registered Intermediary who is committed to fulfill its obligations on its own as well as adhere to the guidelines laid down by SEBI and Exchanges regarding collection and reporting of Margins of clients.

The policy lays down appropriate procedures for collection of Margin and reporting to relevant exchange(s).

### ➤ **OBJECTIVE**

Objective of this policy is to set a procedure and guidelines for collection of Margin from Clients and reporting it to relevant Exchanges.

### ➤ **COLLECTION OF MARGIN FROM CLIENT**

ASPL will collect upfront all margins for trades done in any Exchange.

All margins including VAR, SPAN, ELM, INITIAL, EXPOSURE, Additional etc. as applicable will be collected from the clients.

Margins collected from clients should be in such forms which are highly liquid and are owned by the depositing client. ASPL will not accept third party collaterals, related entity collaterals, immovable properties and other illiquid collaterals towards settlement/ margin requirements of client.

ASPL may collect margins from its respective client, in any of the following form, after taking into account its risk management policy and liquidity aspects.

- 1) Cash (by way of cheques, bank transfer, etc.)
- 2) Cash Equivalent:
  - (a) Bank Guarantee (BG): Bank guarantee received towards margin issued by any approved bank and discharged in favor of the ASPL.
  - (b) Fixed Deposit Receipt (FDR): Fixed deposit receipts (FDRs) received towards margin issued by any approved bank and lien marked in favor of the ASPL.
  - (c) Government of India Securities (GOISEC) in electronic form with appropriate haircut.
- 3) Securities in dematerialized form actively traded on the National Exchanges, not declared as illiquid securities by any of such Exchanges, with appropriate haircut.
- 4) Other forms of margin as specified by SEBI and Exchanges.





# AFFINITY SECURITIES PVT. LTD.

Shaile Towers, Room # 903, J1/16 EP Block, Salt Lake, Kolkata - 700091  
CIN No. U67190WB2010PTC153468

## ➤ **COMPONENTS NOT TO BE CONSIDERED AS MARGIN**

Margin collected in any form other than prescribed by the Exchange should not be considered for margin reporting.

The following is an indicative list of collaterals that shall not be considered towards margin collection:-

- ❖ Immovable properties
- ❖ Securities declared as illiquid by the National Exchanges
- ❖ Post dated cheques
- ❖ Cheques not cleared / bounced back / returned unpaid on T+1 date
- ❖ RTGS done on T+1 Day towards upfront margin
- ❖ Unpaid client securities (those securities whose payment is due from client)
- ❖ Collaterals from eligible related persons/entities in the approved forms.

## ➤ **METHODOLOGY ADOPTED (SEPARATELY) FOR CALCULATION OF VALUE OF MARGINS RECEIVED FROM THE CLIENTS**

### **a) Valuation Of Funds:**

In respect of funds received towards margin. Free Funds in the account of respective client can only be considered towards funds which means

- (+) Credit balance in client ledger
- (-) debit balance in client ledger should be first set off
- (+) Value of margin deposits
- (+) All open debit bills representing MTM loss or otherwise which are not due for settlement for which entries are passed in client ledger till T Day
- (-) All open credit bills representing MTM profit or otherwise which are not due for settlement for which entries are passed in client ledger till T Day
- (+) Funds received from client or settlement payout of Exchange only after ensuring that the same is received from/belongs to respective client
- (+) cheque received from client only if deposited with bank for clearing/collection and entry is made in respective client ledger account till margin date
- (-) cheque is returned unpaid
- (-) debit balance in client ledgers in respective segment/margin obligation should be first set off

### **b) Valuation Of Securities:**

For the purpose of client Margin collection and reporting, ASPL shall compute the value of such securities as per the closing rate on T day as reduced by haircut on and above 40%. That is to say, the net valuation of securities after deducting the haircut will be considered as net valuation of margin collected and the same needs to be reported to relevant exchange.



# AFFINITY SECURITIES PVT. LTD.

Shaila Towers, Room # 903, J1/16 EP Block, Salt Lake, Kolkata – 700091  
CIN No. U67190WB2010PTC153468

## ➤ **REPORTING OF MARGIN TO EXCHANGE**

- Reporting of margin will be done on the basis of T+0 day initial margin. In case of securities a haircut as per company's policy will be applied.
- Free balance of funds and/or securities in other segment/exchanges (after adjustment of margin requirement of respective segment/exchange) will be also considered of respective client if required to meet out client's margin requirement.
- Securities given as collateral shall only be considered as margin. Unpaid securities will not be considered as margin.
- Margins collected/available from eligible related person/entity in the approved form shall not be considered towards margin of the client.
- If Shortage of margin collected, same must be reported to the respective exchange.
- In case of short margin, follow up for collection will be done. If margin is not received from client then same must be report to RMS team and position will be squared off proportionally.

## ➤ **SHORT REPORTING OF MARGIN AND ITS APPLICABLE PENALTY**

In case a client fails to fulfil his/her margin obligation within the specified timeframe than ASPL will report such shortage of margin to the Exchange specifying that margin given by the client is less than the actual amount of margins required to be deposited, it is termed as short reporting of margin collection.

In case of short margin, follow up for collection will be done, and if margin is not received from client then position will be squared off to the extent of the shortfall.

SEBI vide its circular no. CIR/DNPD/7/2011 dated August 10, 2011 and CIR/HO/MIRSD/DOP/CIR/P/2019/139 dated November 19, 2019 imposes strict penalty on any margin shortfall in the Derivatives Segment w.e.f. 01/09/2011 and Cash Segment w.e.f. 01/04/2020. Following are the rate of penalty as per the different criteria of margin shortfall:

Criteria	Shortfall Amount	Per segment per day penalty as %age of shortfall amount
1	(< Rs 1 lakh) And (< 10% of applicable margin)	0.5
2	(≥ Rs 1 lakh) Or (≥ 10% of applicable margin)	1.0

If margin shortfall for a client continues for more than 3 consecutive days, then the penalty of **5%** of the shortfall amount shall be levied for each day of continued shortfall beyond the 3rd day of shortfall.

If margin shortfall for a client continues for more than 5 days in a month, then the penalty of **5%** of the shortfall amount shall be levied for each day, during the month, beyond the 5th day of shortfall.



# AFFINITY SECURITIES PVT. LTD.

Shaila Towers, Room # 903, J1/16 EP Block, Salt Lake, Kolkata - 700091

CIN No. U67190WB2010PTC153468

➤ **PASSING OF PENALTY FOR SHORT REPORTING OF MARGIN TO CLIENT ACCOUNT:**

If the penalty levied by the Exchange on ASPL for short reporting of client margin is attributable to failure on part of the client to pay margins as required, ASPL may pass on the actual penalty to the client after retaining appropriate evidences to demonstrate the same.