



# FAQ's on MARGIN TRADING FACILITY (MTF).

**ArihantCapital**  
Generating Wealth

## QUE #1

# What is Margin Trading Facility (MTF)?

**Margin Trading Facility** is a leveraged trading facility. Normally investors buy and sell stocks with their own money. In Margin Trading Facility (MTF), broker allows customer to buy stocks just by paying margin amount and not the total value of stock. Up till customer can carry outstanding debit only up to T+7 days, however in MTF Facility, now customer can carry the position and outstanding debit beyond T+7 days, just by maintaining minimum margin. The MTF facility not only empowers you with extra buying power, but also positions you with the added extra time for your positional trade.

**Your Deposit**



**Your Opportunites**



**LEVERAGE**

### KEY FEATURES:-

- Buy stocks today and carry the position and outstanding debit beyond T+7 days.
- Enhances your buying power as you need to pay only a small portion of the stock value
- Amplify your profit potential due to an increase in the investment horizon
- Nominal interest charge of 18% per annum on the outstanding amount, until your position is settled
- Provides higher leverage to benefit from short-term market fluctuations.

### FOR EXAMPLE:

If you would like to buy 100 shares of INFOSYS @ Rs.1000 on T day and applicable margin % for the scrip is 22%, you just need to pay Rs. 22,000. This margin can either be in the form of cash or as collateral i.e. securities lying in your demat account can be given for collateral.

**Investment**



**Leverage**



**Your Trading Power**



## QUE #2

### Which Securities are eligible for Margin Trading Facility (MTF)?

The facility allows you to buy 1000+ securities on **NSE** and **BSE**. The list of Securities will be displayed on our trading website and may be subject to change, if made by **stock exchange/SEBI/ internal risk policy** from time to time.



## QUE #3

### What is the amount of margin that I need to pay while buying stocks?

Required margin may vary for different stocks as prescribed by SEBI. It may range from 22% to 40% approximately. However, ARIHANT shall have the rights to demand higher margin than the margin prescribed by SEBI/ Stock exchange, in case of Stocks with higher risk.



## QUE #4

### What are the modes of paying Margin amount?

Margin amount can be paid in form of approved list of stocks post hair cut, cash or cash equivalent (BG's and FD's). Collateral shares and shares purchased under MTF (Funded Shares) shall be marked to market daily for the purpose of computing the margin/ shortage of margin.



## QUE #5

### Is there any Interest under Margin Trading Facility?

Yes, Interest at the rate of 18% p.a will be charged on outstanding debit balance on all MTF positions. The number of days for which interest will be charge would start from T+2 day till the date the funds are actually received.



## QUE #6

### What if required margin amount is not provided within the prescribed time?

- If required margin is not provided within the prescribed time, Client shall be treated as client in margin default. ARIHANT shall not be obliged to notify the client in margin default of the liquidation of shares, ahead of liquidation. Applicable minimum initial margin and increased margin, if any, shall be kept supplied at all times by the clients in respect of the stocks purchased under the MTF. Client shall pay any shortage in the required margin immediately on receiving demand (margin call) and in any case not later than 11.00 P.M on the trade day following the day of making the margin call (prescribed time) failing which ARIHANT shall be at liberty to liquidate the funded shares and/or collateral shares to recover the dues outstanding in the account of the Clients.
- In case of extreme volatility in the market, ARIHANT may demand payment of margin forthwith and prescribed time for making margin payment shall be construed accordingly. Decision of ARIHANT in relation to market volatility shall be final and binding without ARIHANT having to provide any reason for the decision to the Client.



## QUE #7

**Is MTF is available on both the exchanges?**

Yes, Margin Trading Facility is available on NSE & BSE.



## QUE #8

**What are the available segment for Margin Trading Facility?**

Margin Trading Facility is available only in cash segment for selective scrips.



## QUE #9

**What if I do not opt for MTF and my outstanding debit is for beyond T+7 days?**

In such case further exposure will not be allowed as per SEBI circular to buy stocks. However, you will be allowed to sell your stocks so as to clear your outstanding debits.



## QUE #10

**What if, the stock purchased under MTF Facility subsequently gets delisted from the approved list of securities?**

If any shares are delisted from ARIHANT Approved List, Client shall be required to make payment of full purchase consideration against such shares on receiving margin call within the prescribed time, failing which ARIHANT shall be at liberty sell such shares without further notice to the Client.



## QUE #11

### What in the case of increase in the value of Collateral Stock and Stock Purchased under MTF Facility (Funded Stock)?

ARIHANT may at its option allow client to buy further shares under MTF on the basis of increase in the value of collateral shares, subject to applicable hair cut. Further purchase shall not be permitted on the basis of increase in the market value of funded shares.

## QUE #12

### What is the maximum exposure that can be provide to any individual client?

ARIHANT shall restrict the maximum gross exposure as well as individual stock-wise exposure of a client under the MTF at any point in time according to its internal policies and market views without assigning any reasons to the client. Furnishing applicable margin shall not by itself entitle the client to seek exposure beyond the limit restricted by ARIHANT.



## QUE #13

### For what maximum time outstanding dues shall be allowed?

Outstanding dues shall not be carried in the books beyond 90 days from the date of accrual and in case Client fails to pay up the dues within the said 90 days, collateral and/or funded shares shall be sold to liquidate the dues, even though applicable margin is available in the MTF account of the Client. For this purpose, 90 days shall be computed with respect to each debit entry in respect of purchases under MTF separately and liquidation shall be carried out accordingly. ARIHANT shall have discretion to sell any stock/stocks to liquidate the outstanding dues older than 90 days.

## QUE #14

### How to opt out from the MTF Facility?

Client may at anytime opt out from this facility after paying of all the dues in the MTF account. Further the Client has to communicate us in writing for terminating MTF Facility.

