

Dear Customer,

Greetings from YES Securities (India) Limited (YSL)!

This is with reference to SEBI Circulars dated February 25, 2020, May 25, 2020, May 29, 2020, July 29, 2020, Jul 31, 2020 and NSE circular dated July 31, 2020 on Margin Obligations to be given by way of Pledge / Re-pledge in the Depository System and Guidelines/clarifications on Margin collection & reporting and our earlier communications dated May 27, 2020, May 30, 2020, June 1, 2020, June 10, 2020 and on June 20, 2020, July 25, 2020, July 28, 2020 August 1, 2020, August 4, 2020, August 7, 2020, August 17, 2020, August 29, 2020, August 31, 2020, September 3, 2020 in this regard.

As informed to you from time to time, please note that below mandatory regulatory guidelines are live **w.e.f. September 1, 2020:**

**Upfront Margin requirement norms in all segments;
Cash segment Margin requirement and Penalty norms thereon; and
Margin Pledge/Re-pledge norms.**

Important points regarding Limits/Margin norms from September 1, 2020 - Below are the gist of actionable / precautions which are to be taken from your end to ensure availing Margin limits / Benefits and to avoid levy of Penalty from the Exchanges:

Upfront Margin requirement norms in all segments:

As per SEBI and Exchanges circulars issued from time to time, in case you are trading in Cash/Derivatives/Commodity Segment, you need to maintain sufficient upfront margin either in cash or non-cash mode (in the form of Pledge/Re-pledge mechanism) in case you intend to carry out fresh trade and/or of having any open position(s) in any of the segment i.e., Cash/derivative/commodity.

Please note that upfront margins are required to be collected in advance of trade. Accordingly, in case of any trade in any of the product., margins shall be maintained by you on upfront basis in the form of cash and non-cash collaterals as approved by the Exchanges.

Cash segment Margin requirement norms

It must be ensured that VaR and ELM i.e., upfront margins are provided by you in advance of trade.

Securities which are sold in cash market and available in YSL's account i.e. POOL/EPI(Early Pay-in) will not be considered as margin collected for any other trade/position. However, in respect of sale of shares by you for which early pay-in has been accepted by clearing Corporation, YSL may give credit of the sale value of the shares in your ledger account, which may be considered as margin towards subsequent trade/s .

Securities received in pay out and available in CUSA account will not be considered for margin collection. However, in case you buy share(s) on T day with upfront payment of applicable margin and If you sale the same share(s) on T+1 day, you will be required to pay separate applicable margin for sale trades also, as Buy and Sell trades are executed in different settlements.

Form of Margins to be provided in any one form or in combination of below which shall be free and unencumbered:

- ✓ Consolidated funds balance across all segments and Exchanges
- ✓ Bank guarantee-issued by any approved bank and discharged in favor of YSL
- ✓ Fixed deposit receipts (FDRs) -issued by any approved bank and lien marked in favor of YSL
- ✓ Securities (including mutual fund, Government securities and Treasury bills) in dematerialized form actively traded with appropriate haircut.
- ✓ Collateral in the form of securities, by way of 'margin pledge', created in the Depository system

YSL may collect minimum 20% upfront margin in lieu of VaR and ELM from the client. However, Clearing Corporation(CC) shall continue to collect the upfront margin from YSL based on applicable VaR and ELM, accordingly, you have to maintain sufficient balance to meet the requirement for all applicable margin levied by CC by T/T+2 day.

In view of the above, we request you to maintain the sufficient upfront margins before any trade against your intended and/or all open positions to avoid exchange penalty.

Margin Pledge/Re-pledge norms:

You will get fresh limits by way of clear funds as well as by Pledging your securities from your demat account to YSL. There is no other difference in your trading experience, except for this flow of shares from your demat account. The securities continue to belong to you and will remain in your own Demat Account except that it will be Pledged to YSL for availing Margin Benefits

All securities lying in your personal Demat (POA) (which are not pledged to YSL) and YSL Clients' Unpaid Securities Account (CUSA) Account and Pool account shall not be considered towards margin collection / reporting purpose.

Margin Collection and reporting will be done based on securities by way of Margin Pledge in favor of YSL in its Demat account "Clients' Securities Margin Pledge Account" and any obligation towards margin shortfall will be collected from your linked bank account.

YSL can re-pledge in favour of Clearing Member(CM)/CC demat account so that CM/CC shall allow exposure and margin credit in respect of such securities

You are required to ensure that sufficient fund(s) is/are available in your linked bank account to meet Exchange Margin requirement(s) to avoid margin shortfall penalty and any exchange penalty levied on margin shortfall will continue to be passed on to you as per regulatory norms issued by SEBI/Exchanges from time to time.

If you want to provide Securities as Margin for trading in all segments including MTF, it has to be provided by creating a "Margin Pledge" i.e. securities shall be pledged for margin in favor of YSL in its respective Demat accounts.

Similarly, securities bought under Margin Trading Facility (MTF) (Funded Stocks) will also be required to be "Pledged" in favor of YSL demat account tagged 'Client Securities under Margin Funding Account' upon receipt of payout of funded securities on settlement date and such pledge will be continued until you pay for the balance fund obligation for such Funded Stocks

For both the above cases, such Margin Pledge and Pledge instructions shall be confirmed by you by entering OTP once SMS and E-mail are sent by the Depositories on your Mobile Number and Email ID registered with your Demat /Trading Account. You need to complete the OTP verification process to authenticate Margin Pledge instruction so that you can get trading limit on your securities (from securities provided as margin) and hold positions including MTF funded stocks, within the prescribed time.

Please note that you will receive SMS / Email for all open positions and you shall confirm pledge for all open MTF / other positions. Positions for which you will not confirm pledge will be squared off by the system. The OTP verification process will be carried out by the Depositories (NSDL/CDSL).

Please note that failure to confirm the Pledge and/or Margin Pledge within the prescribed time will result in non-credit of pledged securities in YSL favor and hence, trading limit may not be opened for you. Further, YSL shall reserve the rights to square off of your Margin Trading positions, if any, and/or other securities lying in your personal Demat (POA) Account towards lying of Debit balance in your consolidated ledger account basis POA provided by you and/or Risk Management System (RMS) of the Company and YSL and its officers shall not be held liable for any losses arising therefrom.

Please note that all Demat Charges included but not limited to i.e., for pledge/un-pledge/re-pledge/invocation in this regard would be levied to you and the same shall be debited from your ledger and/or your linked Bank account as and when applicable.

Further, for any shortfall of margin, Exchange/Clearing Corporation will charge the penalty on YSL due to failure on part of you to pay up margins/MTM losses/other applicable margins as required then, the said penalty will be passed onto you as per prevailing practice. In view of the above, we request you to maintain the sufficient upfront margin before any trade against your intended and/or all open positions to avoid exchange penalty

The new Margin Pledge mechanism has been explained vide our previous communications. However, the operational modalities and detailed process flow of new Margin Pledge /Repledge are as mentioned below-

Basis request, YSL will initiate Pledge on your request for your MTF Funded/MTF Collateral/Normal Margin requirement as applicable. The Depository (NSDL), will be sending email/SMS containing web link that you need to visit to start the process and provide consent as per the below steps:

Click on the link and on the NSDL website that opens: Enter your PAN No

You will see stock(s) name and quantity with status '**Pending for Pledgor Confirmation**' and confirm

You will receive OTP from NSDL on your registered email id and mobile no.

Enter OTP, Submit and complete your consent to continue availing Trading limits and Margin benefits on your collaterals

Only after successful confirmation of the Pledge will your stocks be pledged and additional limits granted to you. If the Pledge is not successful or you decline to Pledge the open positions which has been created are liable to be squared off by YSL without prior intimation to you. As explained above, please note that all the applicable charges for Pledge are to be borne by the Client as this is for availing limits enjoyed by the client.

It may be noted that clients will not be allowed to create new MTF positions till further update from YSL. However, existing open MTF positions can continue subject to maintenance of applicable margins or Pledge of Securities on such positions on day to day basis. You can sell your existing MTF positions at any point of time without any restrictions.

To view detailed FAQs on Margin Pledge / Re-pledge mechanism [click here](#)

In case of any queries or further assistance, please contact your Dealing RM or write to us on customer.service@ysil.in

Sincerely,

YES Securities (India) Limited

Wealth Broking - Equities, Commodities, Currency & Debt
Investment Banking | Merchant Banking | Institutional Equities
Research | Premium Research Service | Distribution*

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