Annexure A

GUIDELINES/CLARIFICATION ON PEAK MARGIN COLLECTION AND REPORTING

1. **Whether early pay-in (EPI) of securities accepted by clearing corporation (CC) during the day can be considered as upfront/peak margin for the said sale transaction?**

   Yes, in respect of sale of shares by a client for which EPI has been accepted by CC, the same may be considered as margin collected towards peak margin for the said sale transaction.

   Clarifications with respect to EPI, as mentioned in the 1st bullet point of question no. 03 in Annexure A of the Exchange circular NSE/INSP/45191 dated July 31, 2020 has been partially modified as under:
   In respect of sale of shares by a client for which early pay-in (EPI) has been accepted by CC and credit entry is posted of the sale value of the shares in the ledger account of the client, EPI value may be considered as margin collected towards subsequent margin requirement of the client.
   However, the sale value of such securities (EPI value), as reduced by value of the 20% upfront Margin, shall be available as Margin for other positions across all the segments. Illustration is mentioned below:

Day	Transaction	Scrip	Value	Upfront Margin
T day	Sell	ABC Ltd.	100	20
Note: In this case, member can utilize, maximum, 80 (100-20) as margin towards subsequent margin requirement.				

2. **Is upfront/peak margin collection required to be done in respect of clients who have done early pay-in of securities to pool account of Trading member/s?**

   No. Trading Member shall not be required to collect upfront/peak margins, in respect of positions for which early pay-in of securities is made by the clients in pool account of the trading member on the date of execution of the transaction.

3. **Whether client can square off the position in one segment during the day and use the same margin, released due to square off the position, in different segments on same day?**

   Yes. Based on the margin availability, member can give exposure in different segments at different time. However, member needs to have proper risk management to ensure that at any point of time maximum exposure given to clients across segments are not exceeding the margins available with the member for such clients. Member shall keep trail of all the square off position and exposures during the day.

4. **How to collect and report the peak margin on settlement day (T+2 day) as peak margin is captured in the snapshots taken before respective pay-in on T+2 day?**

   In case member has collected sufficient upfront margin on T day and the same is available till pay-in day the same may be considered as peak margin collected towards peak margin obligation of the said transaction on settlement day.

5. **After fulfilling the peak margin obligation on T day, whether member can release the margin on T day?**

   Applicable upfront margins are required to be collected from the clients in advance of the trade. In view of the same, free and unencumbered collaterals can be released in case peak margin obligation across all segments is fulfilled. Illustration is mentioned below:

Day	Time	Particulars
T day	09.00 AM	Margin available Rs. 1,00,000
T day	10.00 AM	Client took position (ABC LTD.) of margin Rs. 1,00,000 (transaction value Rs. 5,00,000) in CM segment
T day	03.00 PM	Client squared up the same position (ABC LTD.) in the CM segment (means no EOD margin)
T day	04.00 PM	Member can release the free and unencumbered collaterals (Rs. 1,00,000)