



Our **Mr. Axpert** is here to help you **Understand Peak Margin!**

Announcement: 

SEBI has introduced the Peak Margin requirement and penalty on short collection of Peak Margins in Equity, Derivatives, Currency, and Commodities segments w.e.f. December 1, 2020. The margins charged on customer trades are going to further change w.e.f September 1, 2021 with the new Peak Margin requirement but it has mostly impacted margins on positions which are being taken for intraday in Cover Products.

What is the change: We will be increasing upfront margins for the Cover positions as per the new upfront margin norms ([reference circular](#)). In view of the same, the leverage given to you will get restricted and will comparatively become uniform across brokers.

You should also note that, there is no change in the fund transfer or order placement process. Our system will automatically calculate the required margins at the time of placing the order.



“ **Mr. Axpert Says:**
It is a very wise initiative by the SEBI to limit possible loss of customer's capital invested by restricting leverage and to strengthen the overall risk management in trading. ”

There will be **NO CHANGE** in margin requirement in case of below products

- | | |
|--------------------|-----------------------------------|
| 1. Cash Buy | 7. Options Margin |
| 2. Cash Sell | 8. Currency Margin |
| 3. E-Margin | 9. Currency Intraday |
| 4. Equity Intraday | 10. Commodities Carryforward |
| 5. Future Margin | 11. Commodities Intraday products |
| 6. Future Intraday | |

Let's understand the changes in Equity, Derivatives, Currency and Commodities Products as follows:

1. **Fund Release:** Funds releasable during the day will be as per below:

Equity Cash: For trades done in the equity cash products including SIP, GTDt or a combination thereof, fund releasable during the day will be upto 20%, post meeting the obligations required

Equity Intraday/Cover/ E-Margin: For trades done in equity intraday product or a combination thereof, no funds will be releasable during the day

Equity Derivatives and Currency Derivatives Margin/ Intraday/ Cover: For trades done in equity derivatives and currency derivatives margin/intraday/cover product or a combination thereof, no funds will be releasable during the day

All fund release requests in excess of the above stated limits shall be processed on the same day EOD, after accounting the peak margin requirement. It is recommended to plan the funds withdrawal / release from your trading activity accordingly.

2. **Revision in Margins:** Revised increased margins will be applicable for Cover product in both Equity and Derivatives based on Exchange defined peak margin requirements. COVER orders will require a minimum of 20% margin and further vary from stock to stock. This margin amount collected will be debited from your bank account and released the next day.
3. **Debit of Peak Margins for Intraday trades:** As Intraday and square off trades will attract Peak Margin; the Peak Margin amount will be debited from your bank account and released on the next day.
4. **Sales Proceeds:** Cash/Collateral sales proceeds will be available as a limit only to the extent of 80% from T day (This effectively means there is no change in current limit from September 1, 2021).
Example: If you sell Rs.100 worth of shares, you can buy back/use limits only upto Rs.80 on T day and onwards. Balance Rs.20 can be used only after T+2 day.
5. **Blocking of Funds or Collateral:** Peak Margin is applicable till the end of settlement day for delivery trades, and hence related funds / collateral will remain blocked to the extent of peak margin requirements till settlement date.
6. **Encash Product:** Selling under Encash will not be available till further notice.
7. In case of any shortfall in Peak Margin collection from you, shares received in payout may be transferred to withhold CUSA (i.e. unpaid securities) account.

That's all for now by **Mr. Axpert!**

Stay tuned for more updates on Peak Margin.

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