

01. What is Margin trade funding (MTF)?

Ans: MTF is a facility offered by the Broker to its customers to buy stocks with a minimum required margin and hold the stocks for longtime by maintaining the required initial margin in the form of cash or stocks.

02. What is initial margin?

Ans: The amount that you pay to the broker to buy stock in MTF is known as initial margin. In order to avail margin trading facility, minimum initial margin required shall be.

Category of Stock	Applicable margin
Group I stocks available for trading in the F & O Segment	VaR + 3 times of applicable ELM*
Group I stocks other than F&O stocks	VaR + 5 times of applicable ELM*

VaR – Value at risk margin

ELM – Extreme loss margin

03. What is the benefit of MTF?

Ans: Client can carry delivery position for long time, by paying only a small percentage of the securities value known as margin amount, instead of the entire value of securities.

e.g. If you wish to buy XYZ Limited shares worth Rs. 1,00,000 then the margin amount to be paid by you will be around Rs.25,000/-, the remaining amount of around Rs.75,000/- will be funded by Zebu. You can carry this position for long term. In case you wish to take delivery you just need to repay the funded portion. Interest will be charged on the funded amount/Debit amount (Rs. 75,000/-).

04. Do I need to open a separate demat account for MTF?

Ans: No, a separate demat account is not required for availing this MTF funding facility.

05. How can I avail Margin trade funding?

Ans: Client has to provide his/her consent for availing Margin trade funding facility and the format will be available in our website shortly.

06. How can client take position in MTF?

Ans: Client can choose CNC order type while placing order to create position in MTF.

07. How can client exit position in MTF?

Ans: Client can choose CNC order type to exit position in MTF.

08. Whether all the orders placed as CNC Product will be considered in Margin trade funding (MTF)?

Ans: At the end of the day, all the net open buy position would consider for MTF funding based on the following criteria:

- a) The scrip should be as per approved basket of MTF
- b) The existing client funding is within the amount prescribed by SEBI
- c) The existing client funding across all clients in ZEBU is within the amount prescribed by SEBI
- d) Client should have sufficient collateral/Cash margin to avail this facility

09. Which securities would be eligible for MTF funding?

Ans: Group -1 Securities specified by SEBI time to time. Same will be posted in our website soon.

10. Up to how many days can I carry forward my MTF positions?

Ans: Client can carry his/her open position in MTF as much as he/she wants to carry forward subject to maintaining required margins.

11. If inverse price movement happen, would RMS initiate the liquidation?

Ans: Client has to maintain minimum margin as defined by ZEBU. If there is a shortfall in margin requirement then risk team would initiate the liquidation. Client will get margin call / SMS before initiate liquidation of position.

12. In what condition will ZEBU liquidate my position?

Ans: We would liquidate positions if they come under risk.

13. If I do not want to liquidate position and want to pay the outstanding funds to take delivery what should I do?

Ans: Make full payment (equivalent to debit amount) and you can take delivery of funded securities.

14 . Can my derivatives position also get funded?

Ans: No. MTF is only available in the cash segment.

15. What is the difference between a normal trading and MTF?

Ans: In normal trading we will allow the client to purchase the securities under the product CNC and hold it for a period of T+2+5 days. On the 7th day the securities shall be liquidated.

But under the MTF account client can purchase the securities in CNC and hold them for long term by meeting the required margin requirements.

16. Will there be daily settlement of MTF positions?

Ans: No, settlement will not be on a daily basis. The margin shortfall will be communicated (via the mode of communication opted by the client or as per internal policy of ZEBU) to the client on a daily basis. If the margin amount falls below required threshold margin for a stock as decided by ZEBU, it will result in liquidation of the position.

17. Is there any cash-collateral ratio for initial margin?

Ans: There is no cash collateral ratio for initial margin.

18. How can I provide collateral?

Ans: For existing clients opting for MTF facility, limits against stocks from SEBI approved basket list in your ZEBU account will have to submit DIS to move such stocks to MTF Collateral account maintained by ZEBU. If a client wishes to provide more collateral he/she can do so by transferring stocks that are from SEBI approved basket list in the ZEBU collateral account.

19. Is there any charge for moving stock in and out of collateral?

Ans: DP charges will be applicable for moving stocks from demat to collateral and vice versa.

20. What happens if the value of collaterals provided for MTF goes up?

Ans: The margin available for trading will increase which can be used to create further positions under MTF facility.

21. What if I receive dividend on collateral stocks?

Ans: The Dividend amount will be credited to your ledger.

22. Is it possible to replace stock collateral?

Ans: Yes, client can provide new collateral (subject to stock being from the SEBI approved basket of securities). Client needs to contact respective branch to carry out such replacement of securities.

23. What if my stocks bought under MTF (Margin Trading Facility) get appreciated? Will I get additional margin on it?

Ans: No. MTF profit/loss is notional. The notional gain in stocks bought under MTF will not provide an additional margin to further create new positions.

24. What is the rate of interest charged for MTF?

Ans: 24% Per Annum. Calculated on daily basis and will be posted to ledger on montly.

25. When can I sell the position under MTF?

Ans: You can sell the position under MTF anytime.

26. Any other charges are applicable for MTF?

Ans: All charges applicable for trading will be applicable for MTF.

27. What happens if the collateral provided for MTF is removed from the SEBI approved basket?

Ans: Client will have to provide cash or new collateral from the SEBI approved basket to cover the margin shortfall.

28. If MTF is in debit and cash is in credit then will interest be calculated on net amount?

Ans: Yes interest will be calculated on the net amount.

29. List of scrips in SEBI margin funding basket.

Ans: The Basket will be available soon in our website.

30. Can I avail limits based on cheque?

Ans: No. Limits are not allowed based on cheques.

31. Can I transfer the margin fund to the same bank which I used for Trading?

Ans: No. There is a separate bank account to deposit MTF margin amount.