

Important Communication on Pledge/Re-Pledge

Dear Investor,

Greetings from SMIFS LIMITED (in short "SMIFS/the Company") and thank you for being our valued client.

Pursuant to your registration with us in the capacity of a client, you had voluntarily provided us a Revocable Power of Attorney to debit your Demat Account to fulfil Settlement and Margin Obligations arising out of your trades.

In a bid to curb the misuse of Power of Attorney (POA) given by the clients to the Trading Member (TM) or Clearing Member (CM), SEBI along with all Exchanges, Clearing Corporations and Depositories have put in place a mechanism for Pledge / Re-pledge, whereby the securities shall not be debited from your Demat Account for meeting your "**Margin Obligations**", but shall be allowed to pledge securities in favour of SMIFS and further re-pledged to Clearing Member / Clearing Corporation. It may be noted that securities would continue to be debited from your account for Settlement Obligations only.

As a result, the powers conferred upon SMIFS Limited by the POA to debit securities from your Demat Account for your "**Margin Obligations**" is being replaced with the following clause:

"To Pledge the securities in favour of SMIFS Limited for the limited purpose of meeting my/our margin requirements in connection with the trades executed by me/us on any recognized stock exchange through SMIFS Limited.

To re-pledge such securities to the Clearing Member / Clearing Corporation as the case may be."

As the '**Margin Pledge**' process involves confirmation by Client for creation of Margin Pledge, you are required to ensure that your "**Mobile No., Email Id. and Unique Client Code**" with SMIFS Limited is mapped with your demat account.

Once the Margin Pledge is confirmed/authenticated through OTP on the link provided by NSDL/CDSL (Depositories), the securities shall be pledged in favor of SMIFS Limited and the same shall be available for re-pledge to Clearing Member / Clearing Corporation.

Margin Pledge Process

Margin Pledge

- SEBI Circular on margin pledge/re-pledge
 - ◇ Margin Pledge Process
 - ◇ For POA clients / NON-POA Clients
 - ◇ For MTF product/Stocks bought on debit (CUSA stocks)
- Unpledge Process
- Pledge Charges
- Important Links

SEBI Circular – on margin by way of pledge/re-pledge

https://www.sebi.gov.in/legal/circulars/feb-2020/margin-obligations-to-be-given-by-way-of-pledge-re-pledge-in-the-depository-system_46082.html

Margin Pledge Process – For POA Clients

Step 1: Margin Pledge Initiation

Step 2: Select the stocks to pledge & Click on Pledge

Step 3: Wait for SMS/Email from your Depository and open the link in SMS/Email once you get it

Step 4: Enter your Pan or Demat account no.

Step 5: Select the stocks, Click on Generate OTP and enter the OTP. Click on Submit.

Margin Pledge Process - NON-POA/Outside DP clients:

- ◆ Pledge process for Client who have not given POA will have to visit their respective depositories in person or mail at the designated email ID: dp.operations@smifs.com to initiate request for pledge on stocks.
- ◆ Only once the pledge is initiated and authorized, they will get limits against stocks collateral and their pledged stocks will be considered for exchange margin reporting.
- ◆ Pledge can be also initiated via CDSL Easiest or NSDL Speedy applications.
- ◆ Stocks need to be pledged in favour of:
 - Broker TM Account for Margin Pledge: SMIFS Limited

Account Name	Segment	Depository	DP ID	Client ID
TM/CM-Client Securities Margin Pledge Account	NSE - CM	CDSL	12016000	00051473
TM/CM-Client Securities Margin Pledge Account	NSE – CM / F&O / MCX	NSDL	IN301629	10141304
TM-Client Securities Margin Pledge Account	NSE - F&O	CDSL	12016000	00051488
TM-Client Securities under Margin Funding Account	NSE - CM - MTF	NSDL	IN301629	10141312
TM/CM-Client Securities Margin Pledge Account	NSE - CM - MTF	NSDL	IN301629	10144557

Margin Pledge Process – For MTF Funded stocks and Stocks bought on debit (CUSA Stocks)

- ◆ For trades initiated in the MTF product/CUSA stocks, the pledge process will be initiated by the broker on T day EOD with the depositories.
- ◆ This will be an advance pledge requests for the stocks that the client has bought in MTF product/CUSA stocks.
- ◆ The depositories will send a link to the client on client's registered email id and mobile number with the depositories to authorize the pledge request.
- ◆ Client will need to authorize this pledge request as per process mentioned in earlier slide by T+1 days EOD.
- ◆ Failure to authorize the pledge request by T+1 day EOD will lead to liquidation of MTF stocks purchased/CUSA stocks on T+3 day.

Un-Pledge Process

- ◆ Once unpledge request is received, SMIFS (Broker) will then validate the un-pledge request at End of Day:
- ◆ If post unpledging of stocks client comes under exchange margin shortfall, then un-pledge request will be rejected.
- ◆ If post unpledging of stocks client does not come under exchange margin shortfall, then un-pledge request will be processed.
- ◆ Un-pledging of stocks – one or multiple stocks, fully or partially will be at the discretion of the broker depending on the margin requirements of the client.
- ◆ Cut-off time for creation of unpledge requests – 6PM

Margin Pledge Charges

For Pledge and Unpledge, appropriate charges would be debited to ledger as levied by the Depository

Charge Type	Depository	Charges
Securities Margin Pledge Creation	CDSL/NSDL	5
Securities Margin Pledge Invocation	CDSL/NSDL	5
Securities Margin Closure	CDSL/NSDL	5
Securities Margin Re-Pledge Creation	CDSL/NSDL	1
Securities Margin Re-Pledge Invocation	CDSL/NSDL	5
Securities Margin Re-Pledge Closure	CDSL/NSDL	1

Important Links:

SEBI Circular on Margin Pledge/Re-Pledge:

https://www.sebi.gov.in/legal/circulars/jul-2020/implementation-of-sebi-circular-on-margin-obligations-to-be-given-by-way-of-pledge-re-pledge-in-the-depository-system_47190.html

https://www.sebi.gov.in/legal/circulars/feb-2020/margin-obligations-to-be-given-by-way-of-pledge-re-pledge-in-the-depository-system_46082.html

https://www.sebi.gov.in/legal/circulars/may-2020/implementation-of-circular-on-margin-obligations-to-be-given-by-way-of-pledge-re-pledge-in-the-depository-system-extension_46705.html

For any Clarification/Query on the above, please contact our Help Desk Officers at 033 4057 2625/4011 5400/ 6634 5400 or mail at helpdesk@smifs.com .

Assuring you the Best of our services.

Team Operations & Compliance

SMIFS LIMITED