



INTRADAY LEVERAGES

W.E.F 1st September 2021 On Account Of Peak
Margin - Phase 4 Implementation

Phillip9 Investor Category

As we are aware, previously SEBI had announced a new Margin Policy Framework to Enable Verification of Upfront Collection of Margins from Clients in Cash and Derivatives segments. It was said that the policy would be implemented in 4 phases starting from 1st December 2020. Phase 1 was implemented on 1st December 2020, Phase 2 was implemented on 1st March 2021 and Phase 3 was implemented on 1st June 2021. As we speak, w.e.f 1st Sep 2021 Phase 4 is being implemented, and it will result in a further reduction in the Intraday Leverage. Under Phase 4 implementation, brokerages have to collect a minimum of 100% margins on the prescribed limit for Intraday Trading, and failing to do so will attract peak margin penalties. You can read the circular dated 21st July 2020 here - [SEBI/HO/MRD2/DCAP/CIR/P/2020/127](#)

The following changes have been made with regard to the Phase 4 implementation of the said circular:

Instrument	Intraday Leverage
Equity	4x for stocks having a margin requirement of above 20% but below 25%
	3x for stocks having a margin requirement of above 25% but below 30%
	Stocks having a margin requirement of above 30%, multiple will be based on VAR+ELM
Futures (Equity, Currency, Commodity)	1x of Margin(Span and Exposure)
Options Selling (Equity, Currency, Commodities)	1x of Margin(Span and Exposure)

Important Points to be noted:

- Only 80% of the CNC sale proceeds will be available to the clients during the day and the remaining 20% will be blocked for meeting the peak margin requirements.
- All the Realized Profits will be blocked until settlement (i.e., Clients will be not able to use the realized profit for taking new positions, until the settlement). Settlement happens in T+1 days for F&O and T+2 days for Equity.

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