

## MARGIN PLEDGE

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**A. Margin Pledge in favor of Member:**

Clients can avail margin facility by pledging their commodities held in their COMTRACK CMSE account in favor of their Member.

Members are requested to provide the details in the below mentioned format to COMTRACK team for activation of this facility on email id: askus@ncdex.com

**Note: Details should be forwarded from their compliance officer email ID displayed on NCDEX website. Members are advised to follow all rules, regulations & bye-laws of the Exchange as well as any specific laws pertaining to payment of stamp duty of the respective state on pledge transactions while availing this facility.**

|                              |  |
|------------------------------|--|
| <b>Organization Name</b>     |  |
| <b>Date of Incorporation</b> |  |
| <b>PAN No</b>                |  |
| <b>Registered Address</b>    |  |
| <b>Email ID</b>              |  |
| <b>Contact No</b>            |  |

| <b>Contact Person Details</b> |  |
|-------------------------------|--|
| <b>Name</b>                   |  |
| <b>Designation</b>            |  |
| <b>Address</b>                |  |
| <b>PAN No</b>                 |  |
| <b>Mobile No</b>              |  |
| <b>Email ID</b>               |  |

**Points to be remembered**

- This service can be availed by Clearing Members (CM) of the Exchange.
- Members registered with NCDEX can apply for activation of this facility for providing margin to their clients.
- Margin facility can be provided by the Member to their clients against the client's commodity pledged in favor of member.
- Member is not required to open any Margin OR Beneficiary account with any Comtrack Participant or custodian for availing this facility.
- Lots pledged will be blocked in Client's CMSE account.
- Lots once pledged can only be released by the Pledgee i.e. Member.
- No funding is to be done by the Member against this facility.
- Hair cut & valuation to be handled by member at their end.
- The facility is chargeable @ 0.30% p.a. i.e. 0.025% p.m. on the Value of the commodity at the time of initiation to be recovered from the Member on monthly basis. Charges will be levied on a pro rata basis. Confiscation will be charged @ 0.10% on the Value of the commodity.

**B. Margin Pledge in favor of Exchange through Custodian:**

Any member who wishes to avail ABC facility through NCDEX, may pledge commodity balances lying in their Comtrack beneficiary account in favor of NCDEX through Exchange empaneled custodian i.e. Stock Holding Corporation of India Ltd (SHCIL)

**Points to be remembered**

- This service can be availed by Clearing Members (CM) of the Exchange
- Member is required to open Beneficiary account with SHCIL (CP)
- Lots pledged will be blocked in Member's CMSE account.
- Lots once pledged can only be released by the Pledgee i.e. Custodian.
- Hair cut as per NCDEX circular on Accepted commodities for ABC will be applicable.
- Valuation will be calculated on last available spot price.
- CNT charges will be not be levied to those lots for which Ownership transfer transaction and subsequent Pledge transaction has been executed in the same month. Same logic will be applicable during pledge release.

**C. Margin Pledge in favor of Exchange through COMTRACK:**

Any member who wishes to avail ABC facility through NCDEX, may pledge commodity balances lying in their Comtrack beneficiary account in favor of NCDEX through their respective CP. And provide the Pledge deed, pledge instruction slip, PAN copy and Stamp duty payment receipt at NCDEX address as mentioned below.

**NCCL – NCDEX Commodities Clearing and Settlement**

Akruti Corporate Park, 1st Floor,  
Near G.E.Garden, L.B.S. Marg,  
Kanjurmarg (West),  
Mumbai - 400 078.

**Points to be remembered**

- This service can be availed by Clearing Members (CM) of the Exchange
- Members may note that they shall be entitled to ABC facilities only upon the scrutiny and verification of the pledge documents.
- Member is not required to open any additional Margin / Beneficiary account, existing account in the name of member will suffice.
- Lots pledged will be blocked in Member's CMSE account.
- Lots once pledged can only be released by the Pledgee.
- Hair cut as per NCDEX circular on Accepted commodities for ABC will be applicable.
- Valuation will be calculated on last available spot price.
- CNT charges will be not be levied to those lots for which Ownership transfer transaction and subsequent Pledge transaction has been executed in the same month. Same logic will be applicable during pledge release.

### Common Process flow for all the 3 above stated options

#### ❖ PLEDGE Creation (Pledge Type: Exposure)

|                                 |   |
|---------------------------------|---|
| <b>Pledge initiation</b>        | COMTRACK Participant (CP) initiates pledge transaction after the request is received from the client. Selects client's Member as Pledgee. |
|                                 | Identifies lots and send's the transaction to COMTRACK team for approval.   |
| <b>COMTRACK team (EXCHANGE)</b> | The COMTRACK team can Approve/Reject request  |
|                                 | All rejections would have rejection reason.   |
| <b>Pledgee (Maker)</b>          | Pledgee maker can check market value of the goods for all pledge request.   |
|                                 | Pledgee maker needs to update the margin limit in loan amount field.  |
|                                 | Pledgee maker sends the approval request to the pledgee checker approval.   |
| <b>Pledgee (Checker)</b>        | Pledgee checker will check the Pledge Transaction and approve.  |

#### ❖ PLEDGE Redemption

|                          |   |
|--------------------------|---|
| <b>Pledgee (Maker)</b>   | Enter Utilized margin in loan amount field.                                     |
|                          | Select pledged lots for redemption.   |
|                          | Send lots for pledgee checker approval.   |
| <b>Pledgee (Checker)</b> | Check pledge redemption request submitted by pledgee maker for approval.        |
|                          | Can complete the transaction by approving or rejecting pledgee maker's request. |
|                          | Post approval lots will be in free status in Client's CMSE account.             |

#### ❖ PLEDGE Confiscation

|                          |   |
|--------------------------|---|
| <b>Pledgee (Maker)</b>   | Enters Member's CMSE account number where lots needs confiscation.          |
|                          | Selects pledged lots for confiscation.                                      |
|                          | Sends for Checker approval.   |
| <b>Pledgee (Checker)</b> | Checks pledge confiscation request submitted by pledgee maker for approval. |
|                          | Completes the transaction by approving/rejecting.                           |
|                          | Post approval lots will be confiscated.                                     |