

# Understanding The New Process For Pledging Securities - Effective From Aug 1, 2020

Coming August 2020, the investors who are willing to provide securities as margins will now have to pledge their holdings in favor of the broker as against the current mechanism where the investors either have to transfer shares to the Brokers or shares available in their own demat were considered as margin basis investor's POA on DEMAT account to the Broker. In this process, as the securities remain in your own demat account, you will continue to enjoy all corporate action benefits on your securities and the entire trail of pledge / re-pledge will be readily available in your demat account statement.

As the 'Margin Pledge' process involves confirmation by client for creation of Margin Pledge, the clients' are required to ensure that your mobile no., email id and registered client code with RKFS is mapped with the demat account. Once the Margin Pledge is confirmed/authenticated through OTP on the link provided by NSDL/CDSL, the securities will be pledged in favor of RKFS and the same are available for re-pledge to Clearing Member / Clearing Corporation. For all requests placed before 4:00 PM, the margin benefit will be provided on the next trading day.

## **STAGE – I - Initiation of Margin Pledge**

The detailed process to initiate margin pledge shares is as follows:

- (A) Through NSDL / CDSL using online Trader Terminal/ RKFS Markets Mobile App Client will have to login with valid credentials.
  1. Once logged in, the client will have to visit the Holdings tab on Dashboard. In the holdings tab, you will now be able to see the option of pledging securities. On clicking the option, the below page would appear which would contain the list of holdings that a client can pledge.
  2. On Pledge securities page, the client will have to select the stock that he/she wants to pledge, quantity and then click on Submit to initiate pledge request. In case a client has multiple DEMAT account, he/she may choose a particular account from which to pledge by choosing from the dropdown of Demat Account.
  3. Once a client initiates a pledge request, the request will be accepted by RKFS and will be sent to CDSL/NSDL for confirmation.
  4. CDSL/NSDL will then send SMS on Client's registered mobile number and e-mail id with a link to OTP authentication of 'Margin Pledge(MP) Transactions'.
  5. On clicking the said link, the client will be redirected to a web page and prompted to enter "PAN" or BO ID (Mandatory in case of PAN Exempted Clients). Once the valid PAN / BOID is entered by the client, list of all MP transactions pending for authentication will be displayed to the client.
  6. On selection, a provision to generate OTP will be given to the client. On clicking 'Generate OTP' button, OTP will be generated and sent on the registered Mobile Number and registered Email ID of the client. After OTP authentication, margin pledge transactions would be processed further.
  7. Once the pledge is approved, collateral margins will be provided against the pledged stock. If the pledge request is placed before 4:00 PM, the collateral margin will be available to trade on T+1 day i.e. next working

day before the start of trading hours. In case the pledging request is placed after 4:00 PM, the request will be processed only on the next working day and the margin would be available on (T+1) day post-processing.

8. To unpledge, the margin request, kindly contact your RM for more details.
- (B) Request to initiate from your registered mobile no. to your RM  
The client can identify stocks to margin pledge and request their Relationship Manager to initiate from his registered mobile no./ email id.
- (C) Submit Pledge Request Form to the nearest office  
The clients may submit the duly completed physical Margin Pledge Request Form (MPRF) by signing the document from all holders and give it to RM or nearest branch.

## **STAGE – II - Authentication / Confirmation of Pledge by Clients On The NSDL/CDSL System**

1. On initiation of Margin Pledge (MP), a link for OTP authentication will be generated and sent on the registered Mobile Number and registered Email ID of the client.
2. Said link will remain valid till OTP authentication or EOD of the Execution Date of the MP transaction as the case may be. On clicking the said link client will be redirected to Depository webpage and prompted to enter his PAN or BOID (mandatory in case of PAN exempted clients).
3. Once the valid PAN / BOID is entered by the client, a list of all MP transactions pending for authentication will be displayed to the client. After verifying the details, client will be allowed to select single or multiple MP transactions with a facility of 'Select All' option.
4. On selection, a provision to generate OTP will be given to the client. On clicking 'Generate OTP' button, OTP will be generated and sent on registered Mobile Number and registered Email ID of the client.
5. OTP will remain valid for 15 minutes. On the expiry of OTP, the client will again be required to follow the process of selecting the MP transactions and re-generate OTP.
6. Non-authenticated MP transactions will be 'Cancelled' during EOD of the 'Execution Date'
7. OTP authentication will be allowed from setup date till EOD of the Execution date. OTP authentication is not required if client securities are further re-pledged by the TM to CM and/or by the CM to CC.